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That $2,000,000 Yearly Fire Tax

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BULLETIN No. 4 *of*
CITIZENS RESEARCH LEAGUE
OF WINNIPEG

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Winnipeg's $2,000,000 Yearly Fire Tax

BULLETIN No. 4, ISSUED BY CITIZENS RESEARCH LEAGUE

Over $2,000,000 Spent by Citizens in 1916 to Protect themselves from Loss by Fire. Actual Destruction by Fire was $750,000. Problems of Fire Prevention and Fire Fighting call for Citizen Co-operation with Civic Authorities

LETTER OF TRANSMITTAL

Winnipeg, July, 1917

To the Citizens of Winnipeg and the City Government:

Canada, according to the eighth annual report of the Dominion Commission of Conservation, has the greatest fire loss per capita of any country in the world from which statistics are available. "The per capita loss is constantly increasing. Conditions are growing not better but worse."

Average Per Capita Fire Loss in Various Countries from 1912-15

Canada	United States	Spain	France	Germany	Switzerland
$2.97	$2.26	$1.86	$0.75	$0.29	$0.13

Winnipeg's annual fire losses, as given by the Chief of the City Fire Department, show a considerably higher per capita average than that of some 300 leading North American cities. In 1916 they amounted to $750,000,—or practically $3.75 per capita for a population, in round numbers, of 200,000.

Over $2,000,000 was spent by Winnipeg citizens last year to protect themselves from loss by fire—or more than $10 for every man, woman and child in the city. This included insurance premiums and well over $500,000 for upkeep of the civic fire department and allied services. And the 1917 outgo on this account will be materially greater.

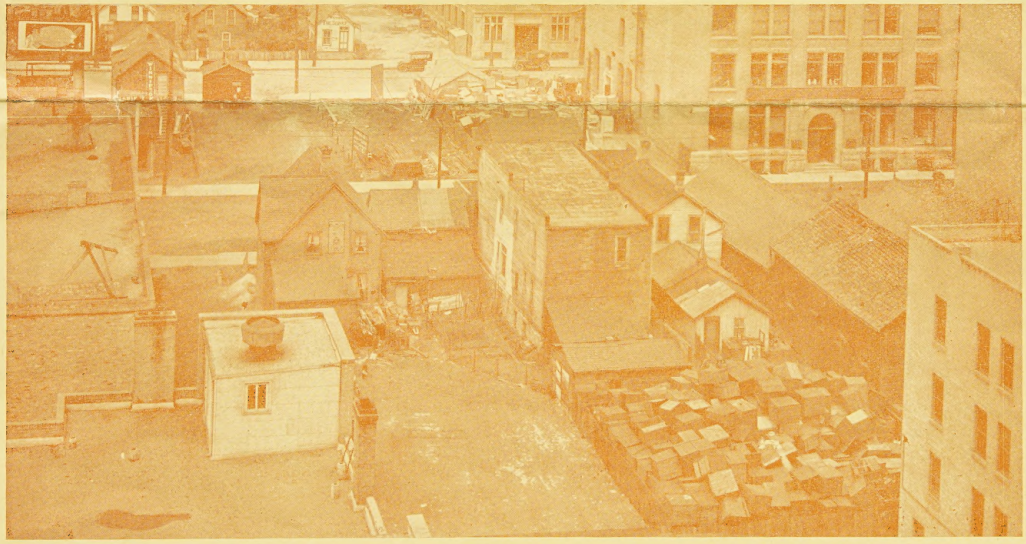
Because local problems of fire prevention and fire fighting call for much more serious citizen attention now than ever in the past, the League ventures to hope that this general survey of the Winnipeg situation, together with certain accompanying suggestions, will receive consideration.

The League desires to express appreciation of the readiness of the Chief of the Fire Department and of the members of the Fire, Water, Light and Power Committee of the City Council to supply information and to discuss frankly all matters touched upon.

On behalf of the Citizens Research League,

S. R. TARR
President

R. P. FARLEY,
Secretary



A Fire Menace in the Heart of Winnipeg's Wholesale District

PART I, THE WINNIPEG SITUATION, PAST AND PRESENT

WINNIPEG'S comparatively dry climate, the high winds, the long months when buildings must be heated, the large number of frame houses and the prevalence of shingle roofs all contribute to make the fire risk abnormally high. Only if its Fire Department is kept up to the highest level of alertness and efficiency can it cope with such unusual risk.

Winnipeg's average annual fire loss of $3.00 per capita is 3 cents higher than that for Canada as a whole—and 75 cents greater than the average of some 300 United States cities, as will be seen from the following table:

Year	WINNIPEG Population (Assessment Dept figures)	Total Fire Loss	W'PG. Per Capita Loss	*U.S. Per Capita Loss
1912	166,553	$627,985.00	$3.77	$2.55
1913	184,730	519,102.00	2.81	2.25
1914	203,255	662,549.00	3.25	2.32
1915	212,889	315,692.37	1.48	1.94
1916	201,981	749,861.58	3.71	2.20
Average 1912-16			3.00	2.25

*Average of about 300 cities

Fire Department Enlistment and Training

Every Winnipeg fireman has the chance of rising to become the Chief of the Department. The present Chief, who is President of the Dominion Fire Chiefs' Association, has been 34 years in the employ of the

city and has risen from the ranks. A candidate for enlistment is tested as to his physical fitness. The only formal tests of character and intelligence—and the work of a fireman in an up-to-date city needs a high degree of both character and intelligence—are that he should not have been convicted of a crime, that he can read the English language and write it legibly, and that he is not addicted to the use of intoxicating liquors. A candidate who is admitted is put on probation for 6 months. If accepted after this trial period, he becomes a full-fledged fireman and starts at a remuneration of $85 per month (until the recent rise of pay this was $70 per month). A good deal of attention is given to the making of inspections and men are given certain physical training, but it does not appear that any specific effort is made to stimulate the intelligence of the staff by familiarizing them with the large amount of printed information as to fire-fighting and fire prevention, or to encourage a wise use of the hours when, while technically on duty, they are not actually engaged, though liable to be called at any minute.

Expenditure of the Fire Department, etc.

The Department consists of 1 chief, 1 assistant chief, 3 district chiefs, 1 secretary, 1 clerk, 1 stenographer, 1 motor mechanic, 16 captains, 15 lieutenants, 6 engineers, 6 assistant engineers, 165 firemen, making a total of 217 officers and men. The fire area covered is 29.9 square miles. The complete cost to the city of fire fighting and fire prevention is as follows (see estimates 1917-18):

	Expenditure 1915-16	Per Capita	Estimates 1917-8	Per Capita
Fire Department	$359,079.98	$1.78*	$405,477.84	$2.21†
Fire Alarm System	22,585.09	.....	23,022.32	.....
Fire Hydrants	69,660.00	.....	70,650.00	.....
Fire Service Water Works Operating	66,029.74	.....	62,103.00	.....
	$517,354.81	**$2.56***	**$561,253.16**	**$3.06†**

*Population (1916) 201,981 †Population (1917) 182,848
Estimate of City Assessment Department

With these the expenditures on the fire departments of Vancouver and of certain United States cities of somewhat similar size as to population may be compared—though there is, of course, the possibility that some of the cities in their departmental reports do not include all the items enumerated in the case of Winnipeg. Also, it is to be taken into account that certain materials and supplies are considerably lower in cost across the line. Gasoline, for instance, is only about half the price that it is in Winnipeg.

Name of City	Population	Fire Dept. Expenditure (1916)	Per Capita
Vancouver	95,922	$233,501.10	$2.43
Toledo (Ohio)	187,000	385,374.04	2.06
Oakland (Cal.)	200,000	422,583.00	2.11
Columbus (Ohio)	209,722	335,711.09	1.60

The salaries paid to members of the Winnipeg Fire Department (with the exception of the Chief and Deputy Chief) have run higher than those, for instance, of Toronto. But living costs on the whole have been greater West than East. The recent Winnipeg increases (applying only to those of lower ranks than Engineers) were granted chiefly in view of materially greater living costs since the outbreak of war. For example, first year Firemen now receive $1,020 per annum, as against $840 last year; Toronto pays $800. Fifth-year Firemen in Winnipeg receive $1,320 (this maximum being the same as previously) as against $1,100 in Toronto.

Hours of Labor of the Staff

The whole staff are technically on duty from 7 a.m. till noon. About 55 out of the total force of 217 men are off duty once each day. When the latter come off duty, their luncheon and supper times are deducted from the interval between 1 and 6 p.m. Each member of the staff has now one whole day of 24 hours free in four. Until recently men had leave for only one day a week. The change has involved no increase in size of staff. Although there are long periods when the fire staff may be doing little or nothing, they are technically on duty all the time, even when asleep. Claiming that the hours of firemen are still too long, there are those who advocate the introduction of the two-platoon system which has been in use for some time in 21 United States cities and is about to be introduced in 5 others. In order that Winnipeg might have the material upon which to form a judgment of the two-platoon system, the League communicated with the chiefs of the fire departments in all the cities where the system has been introduced, and asked for an expression of opinion about the effects on (1) discipline and efficiency, and (2) on the condition of the men. Replies were received from 15 cities. Of these 14 spoke favorably of the change, namely, Atlantic City, N.Y.; Los Angeles, Cal.; Seattle, Wash.; Butte, Mont.; Kansas City, Kan.; Pueblo, Colo.; Superior, Wis.; Yonkers, N.J.; Kansas City, Mo.; Topeka, Kan.; Lincoln, Neb.; Buffalo, N.Y.; Duluth, Minn.; Scranton, Pa. One reported on the whole unfavorably, namely, Omaha, Neb. In addition, it is learned from printed reports in certain publications that the chiefs of two other cities, where the system has been introduced, are dissatisfied with the change, viz., Minneapolis and Chicago.

Comparative Cost of Two-Platoon System

The National Board of Fire Underwriters of New York were also invited to give an expression of opinion on the two-platoon system, and replied (1) that its introduction involves an extra cost of from 30 per cent to 40 per cent, as compared with the old system; (2) that owing to the addition of so many new men the immediate result has been to impair, for a time at least, the general efficiency of the departments which have adopted it; (3) that there has been difficulty in getting enough men to provide adequate strength for the various companies; (4) that in a number of cities "the agitation for a two-platoon system has been accompanied by, and in part accomplished through, influences outside the department, which have had a tendency to adversely affect discipline and the spirit of the department."

Some who are in favor of the two-platoon system suggest (1) that with increased motorization there could be fewer but larger and more efficient fire stations and (2) that the introduction of flying squads of say 60 of the most experienced fire fighters, would obviate any prohibitively great increase in the staff.

Inspections as now Made

During 1916 1843 fire prevention inspections and (during a two weeks' clean up campaign) 3,200 special visits were made by the fire department. Also during the year 10,300 chimney-sweep certificates were issued. After inspection of any premises, notes are made as to plan of action in the event of fire at specially hazardous places. But the fire department, as such, has no power to compel the owner of a property in hazardous condition to take steps to remove the risk. In practice, however, the fire department advises the owner. If he does not take the hint, the building inspector is informed with a view to formal prosecution. It is stated that, as a rule, the hint given by the fire department is taken. The building inspector's department made during the year (to quote from its annual report) "interior inspections of all business premises, hotels, apartment blocks theatres, garages, and all buildings of a public or commercial nature, and found it necessary in 3,493 cases (out of 9,558 inspections in all) to notify the owners or occupants of defects or conditions that were dangerous or liable to cause or promote fires, and which were contrary to the provisions of the city by-law." Moreover, the Provincial Fire Department, the Provincial Labor Bureau, the Western Canada Fire Underwriters' Association also undertake inspections. From the point of view of the average citizen, whose only concern is that there should be in operation an agency or

agencies capable of preventing fires, if possible, and possessing the maximum of efficiency with the minimum of cost, there appears here the possibility of overlapping unless these various activities are intelligently co-ordinated.

Inspection not Always Adequate

Moreover complaints are heard that the work of inspection is sometimes perfunctory and inadequate In one much-frequented moving picture theatre only a week after "clean-up" campaign, when presumably some inspection had been made, two members of the League saw conditions which can only be described as extremely hazardous. The fire-door at the rear of the stage was off its hinges and lying in a corner with some lumber. A wooden cupboard close to a number of drop scenes and pasteboard partitions contained cans of highly combustible fluids close to a heap of oiled rags. The fire hose was covered with dust and had apparently not been tested for months, judging from serious abrasion of the outer covering. The extinguishers (according to noted record) had last been tested eight months previously. Stowed away in various cubby-holes were heaps of broken furniture, which could hardly have been better placed had they been intended as the material for a bonfire. In an outer passage, close to a wooden door, was a quantity of waste paper and other combustible material in a wicker basket, instead of a metal garbage can. It is surely clear that public buildings above all others should be regularly and rigorously inspected and kept free of risks which, like the above-mentioned, are due to downright carelessness.

Reports and Records Seem Insufficient

The reports and records made by the fire department are neither so numerous nor so detailed as would appear to be necessary. For instance, derelictions from duty are entered on the fireman's record, but there are no written records to note the fact if he has paid special attention to duty or tried to make himself master of his craft as it is practised now-a-days in up-to-date cities. Again there is no annual report of the work of the department, so that it is difficult for even the most sympathetically disposed citizen to get a clear idea of what the department has done during any given period of time.

PART II, SUGGESTIONS FOR CONSIDERATION

The Winnipeg Fire Commission (appointed by council in 1912 to enquire into and investigate the origin of fires occurring in the city) in its report on the Stovel fire, made the following among other recommendations which should have more careful consideration from citizens as well as from the civic government:

Recommendations of Fire Commission

1. That the fire brigade should make closer and more detailed inspections.
2. That the question of increasing the capacity of the domestic water system should be the subject of an investigation and report by competent engineers.
3. That the high pressure system should be more frequently flushed.
4. That revolving screens, capable of being cleared by flushing, be installed at high pressure intakes.
5. That owners of buildings should instruct employees as to promptly calling the fire department.
6. That display cards should be placed in every building giving location of nearest alarm boxes.
7. That in the interest of public safety, it may be advisable for the city council to obtain legislation requiring buildings of hazardous occupancy, especially where large numbers of people are employed or congregated, to be safeguarded against fire by the installation of automatic sprinklers, the enclosure of vertical openings or such other methods as are deemed necessary.

It is understood that the City Engineer's Department will shortly present a report as to its investigation and findings with regard to the domestic water system.

It would seem desirable that as soon as possible after each important fire a full report upon it should as a matter of course be made out by the fire chief, submitted to the fire commission and made public. It is recommended further that there should be a representative of the general citizen body on the commission.

The following suggestions, which are in line with present practice in various progressive cities on this continent, are put forward by the League. In considerable part, at least, their adoption by Winnipeg is worth careful consideration.

Enlistment and Training of the Staff

1. A more exacting test of general intelligence would seem feasible. Candidates for the position of firemen are in several cities (after newspaper notice of vacancies has been given) chosen by open competitive examination of the civil service sort, aimed at discovering general intelligence and special aptitude.
2. Still more important would seem to be the instituting within the fire department of a regular course of instruction to teach members of the brigade approved methods not only of fire fighting but of fire prevention. The course of instruction should also include the protection of life and structural fire prevention work. Consideration should also be given to more systematic physical training, particularly in the winter months.
3. The instructor or instructors in the department's "school" should have available a library of up-to-date fire-fighting and fire-prevention literature, which should also be accessible to the men and which they should be encouraged to read. Evidence of familiarity with this should be counted to a man's credit and entered on his record as contributing to promotion.

Fire Fighting Methods

Any technical discussion of fire-fighting methods or apparatus is a matter beyond the scope of this report. There might well be considered, however, the advisability of the city's consulting independent outside fire-fighting engineers from time to time in order to ascertain the adequacy of equipment and the proper proportion between motor and horse-drawn apparatus, with due regard to local conditions and experience.

Written reports from the Fire Chief to the Fire, Water, Light & Power Committee as to important fire-fighting methods discussed at conventions attended by him, would serve a useful purpose.

The maintenance of a salvage corps is a matter which might well engage attention.

Citizens' Share in Fire Prevention

The great majority of fires are due to preventable causes, in most cases to mere carelessness. The enormous total of North America's fire losses is to be traced, not to incompetence upon the part of fire departments, but chiefly to the heedlessness of individual citizens. The most economical method of reducing fire losses, insurance premiums and the upkeep of fire departments, is to carry out rigorously a carefully conceived policy of prevention. In Winnipeg the first class fire limits should be extended. Shingle roofs, a most fertile cause of fires, should be much further safeguarded in their use.

Fire Prevention Bureau

A civic Fire Prevention Bureau should be established under the supervision of the Fire Chief, the Building Inspector and the head instructor in charge of the department's course of instruction to firemen. The Fire Chief should be the executive officer of the bureau, which should have power to enforce regulations respecting fire-prevention and to make systematic and rigorous inspection of all business and public buildings. Consideration should also be given to some method of inspecting private houses from time to time. The methods in use at the Fire Prevention Bureaus of New York, Philadelphia and Columbus (Ohio) are

most instructive, but a most remarkable example of immediate results is that of Portland, Oregon, where the bureau began to work in 1915. In 1916 there were only 802 alarms, as compared with 1854 in 1914, and the per capita fire loss for 1916 was only $1.00, compared with $6.78 in 1914.

It is interesting also to note that in 1916 Toronto inaugurated a Fire Prevention Staff of three (later to be increased to five) experienced men and that later a fully organized school of instruction will be established. "The establishment of a fire prevention division," says the latest report of the Toronto Bureau of Municipal Research, "will not detract from, but rather add to, the fire-fighting efficiency of the department, and is a recognition of the rapidly growing emphasis placed on the importance of stopping fires before they begin."

Co-ordination of Inspections

At present inspection is carried out by different bodies not always in co-operation with each other: The City Fire Department, the Provincial Fire Department, the Building Inspector's Department, the Provincial Labor Bureau, and the Fire Underwriters. In order to prevent overlapping and to enable the responsibility for fires to be definitely placed, it would be better (and cheaper) that the city's system of fire-prevention, as well as of fire fighting, should, as already indicated, be under the direction of the Fire Chief. The work of inspection might then be apportioned somewhat as follows:

1. The Building Inspector's Department as such would be responsible for the inspection of buildings until they are occupied. In the interests of the insured public, the city might, in consultation with the underwriters, agree upon revised compulsory standards of building construction.

2. As soon as a building is occupied, the responsibility for fire inspection should forthwith fall upon the Fire-Prevention Bureau, which would have power to (*a*) inspect the installation and maintenance of fire escapes and auxiliary fire appliances, including automatic sprinklers, standpipes, tanks, extinguishers, etc.; (*b*) to regulate the manufacture, sale, use, storage and transportation of combustibles; (*c*) to carry on a systematic inspection of premises for determining whether or not all regulations which may be enacted for the prevention of fires are being observed. Inspection should, to an increasing extent as time went on, include domestic houses, as it is perhaps in private houses that the greatest carelessness occurs. The New York Bureau of Fire Prevention finds it possible to make systematic dwelling-house inspections, and in the work of inspecting residences the services of women might well be used.

3. To compel observance of proper precautions, a method which has been applied in the City of New York and other places across the line is worth consideration. The Appellate Division of the Supreme Court decided that the cost of extinguishing fires might be assessed on negligent property owners. One corporation was compelled to pay $1,500 to the Fire Department for neglecting the order of the Bureau of Fire Prevention to install automatic sprinklers.

In the event of arrangements not being immediately made to place entire responsibility for fire prevention inspection on a Fire-Prevention Bureau, the work should at least be more systematically and rigorously carried out by co-operation between the City Fire Department, the Building Inspector's Department, the Provincial Fire Commissioner, the Provincial Labor Bureau and the Fire Underwriters. The League has reason to believe that all of the bodies mentioned would be willing to act in co-operation. It should be possible for them, for instance, to have report forms which would follow the same order where they cover the same points. The forms, when filled in by one agency, could be manifolded and supplied to the other four, a method which would facilitate filing for reference. It should also be possible for these five bodies to arrange with each other so that the work of inspection could be distributed more evenly over the entire year.

Educating the Public

In order to bring the importance of fire-prevention before the public, lectures might be given or leaflets distributed to civic societies, Young Men's and Young Women's Associations, Boy Scouts, Camp Fire Girls, and other similar organizations. The Chief of the Fire Department of Murphysboro', Illinois, distributed among children in the public schools from the third reader to the sixth, inspection blanks to be used in making inspections of their own homes, and offered prizes for the best inspection reports. These were called for on Fire Prevention Day and a great amount of valuable information was obtained from them about bad construction, defective flues, careless placing of rubbish and other causes of fires. The Kansas State Fire Prevention Bureau distributes literature through the public schools.

It ought also to be possible in Winnipeg to have periodic fire drills in all industrial and manufacturing establishments and to make use of the moving picture houses to educate the public in the importance of fire prevention, as is done in the City of New York.

Rewards for Heroic Service

As another means for making it clear that the main business of the men of the brigade is fire fighting, and as a merited recognition for services the importance of which is admitted by everybody, the Chief acting in conference once a year with the Assistant Chief and one District Chief should have the power to confer a medal or honorable mention upon the firemen who had at risk of life performed the most heroic acts in the extinguishing of fires, and firemen thus distinguished should be allowed to wear suitable decorations on the sleeves of their dress coats.

More Adequate Records and Reports

For its own information and effective administration, the Winnipeg Fire Department might well have a more detailed system of records, covering fire-fighting work, inspections, equipment, daily work and training of the men (giving them "credits" as well as the "demerit marks" now alone entered). The plan is now followed in other cities of having at each station card records with a description of all important buildings in the district—duplicates being filed with the chief at headquarters.

An analytic annual report should be issued by the Fire Department, for the guidance of civic administrators and the information of citizens. It should include the following among other items: Comparative figures over a period of years of total fire losses, total number of alarms, value of property involved, total insurance carried, total insurance paid, total per capita expenditure on the department and so forth.

In the course of its enquiry, the League has obtained a large number of reports and other instructive material from other cities which it is glad to place at the disposal of any who are interested.

Administration

Lastly, the League suggests that careful consideration be given to the working out of some plan whereby the Chief of the Fire Department might be allowed to concentrate his time and energy more fully on the all-important business of fire prevention and fire fighting. No fire chief encumbered with what may be termed the "business details" of his department, can do his best work as regards the discipline and training of the uniformed force, organizing and superintending a comprehensive system of inspections, personally directing the operations of his men at fires and studying, introducing and testing out improved methods. It is of the highest importance that the Fire Chief should be thus left free in a city like Winnipeg where the fire risks are abnormal.

Winnipeg's $2,000,000 Annual Fire Tax In Round Figures

Insurance Premiums Paid in 1916	$1,500,000
Expense of City Fire Department, etc	500,000
Total	$2,000,000

And the above does NOT take into account the expense of private fire protection by occupants and owners

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Any citizen may become a Member of this League on payment of $10.00 or upwards per year.

Any citizen, firm or corporation may become a Sustaining Member on subscribing $100.00 per year (payable quarterly).

Many of Winnipeg's public-spirited citizens and progressive firms have already joined. Will you not show an active interest in civic betterment by becoming a member? Send application, with cheque, to Geo. N. Jackson, Hon. Treasurer, 47 Aikins Bldg.

Preceding Bulletins of League

May be obtained from Secretary as follows

No. 1. Keeping track of the Citizens' Business
No. 2. Bird's Eye View of City's Budget
No. 3. Civic Assessment Property Values

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BULLETIN No. 4 *of*
CITIZENS RESEARCH LEAGUE
OF WINNIPEG

WINNIPEG AFFAIRS
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The City's Problem
of
Street Transportation

(Preliminary Report)

BULLETIN No. 5 *of*
CITIZENS RESEARCH LEAGUE
OF WINNIPEG

Winnipeg's Street Transportation

LETTER OF TRANSMITTAL
FROM THE
CITIZENS RESEARCH LEAGUE OF WINNIPEG

To the Citizens of Winnipeg, the City Government and the Heads of Civic Departments:

It has long been recognized that adequate transportation facilities form an important factor in the sound development of any community, ranking in importance with such measures for the public health and safety as the proper housing of the people, an abundant water supply, an adequate sewage system and police and fire protection. A consistent and continuous transportation policy is, therefore, a necessity. A few of the requirements of such a policy may be mentioned. It must ensure improvement in the service commensurate with the growth of the city. The entire population must be served. To prevent congestion of population, carriage to the outskirts of the city at a moderate charge must be provided. For the convenience of the public, transfers must be given. Congestion of traffic on the principal thoroughfares must as far as possible be avoided. The service must be dependable. It must run on regular schedules and all the year round, summer and winter, night and day, and must be under recognized control and subject to regulations in the public interest.

It has been found that in the field of public utilities the unregulated competitive system involves duplicate and unnecessary capitalization, plant and overhead expenses. There are two alternatives to it—public ownership or exclusive franchise under state or municipal supervision.

It is not proposed to enter here upon a discussion of the merits of those policies. With respect to transportation, Winnipeg, in common with the majority of municipal governments in North America, decided twenty-five years ago upon an exclusive street railway franchise under certain regulations. The basic principle of this plan is that in return for the monopoly of the most profitable traffic, the holder of the franchise shall not only maintain a satisfactory dependable service throughout the whole of the city and at regular intervals at all hours of the day and night, but shall contribute a percentage of gross earnings to the revenues of the municipality. The franchise holder is likewise subject to a considerable degree of public supervision, exercised in the case of Winnipeg through the Public Utilities Commission. The municipality thereby becomes a quasi-partner in the enterprise. This is evident through the frequency with which public discussion arises respecting the building of additional lines, improvement of car service, condition of cars, treatment of employees and the like.

In permitting, during the past two years, other means of public transportation, Winnipeg has reverted in part to the competitive system. An enquiry seems therefore in order as to whether there has been such a change in the conditions of our community life as to justify an abandonment of an established transportation policy. The Winnipeg Electric Railway Company charges the City with a breach of faith in the licensing of jitneys in competition with the franchise granted to the company. To assist citizens to an intelligent consideration of the whole transportation problem, the following information is submitted.

The League desires to express its hearty appreciation of the courtesy of the Market, License and Relief Committee of the City Council, and of various members of the City Council and heads of departments; of the Winnipeg Board of Trade; of the Winnipeg Electric Railway Company, and of the Jitney Owners' and Drivers' Association, who have supplied the information upon which this interim report is based.

On behalf of the Citizens Research League,

A. L. CROSSIN (Convener)
W. J. CHRISTIE
A. K. GODFREY
Special Committee

S. R. TARR, President.
R. P. FARLEY, Secretary.

October 1st, 1917.

THE WINNIPEG ELECTRIC RAILWAY COMPANY

The City of Winnipeg granted the Winnipeg Electric Railway Company a thirty-five-year franchise from February 4th, 1892. This has, therefore, somewhat less than ten years still to run. The company was thereby given "the exclusive right and privilege to construct, maintain, complete and operate double and single track railways, and from time to time, upon obtaining the consent of the City Council, to change a double to a single track railway and vice versa, with the necessary side tracks, switches, turn-outs, poles, wires, conduits and all appliances for the running of cars, carriages and other vehicles adapted to the same on, over and along any of the streets or highways of the City of Winnipeg . . . and run their cars, take, transport and carry passengers on the same by electric power, or such other power as may be found practicable, but such other power shall before being used be first approved of by the City Council."

The chief conditions of the agreement between the City and the Company were that the latter was:

1. To build and maintain that portion of the street lying between the rails and eighteen inches on each side of the rails;
2. To pay the City a license of $20 per car per year for every car it operates;
3. To pay the City five per cent. of the gross earnings;
4. To pay the City taxes on the assessed value of the road;
5. To carry free of charge members of the Police and Fire Departments of the City when in uniform, policemen and detectives exhibiting a badge, and postal letter carriers;
6. To be liable for damages caused by the construction or operation of the railways;
7. To give a regular day and night service.

The present rates of fare are as follows:—Single cash fares, five cents; strips of tickets, twenty-five for $1 and six for twenty-five cents; limited tickets, available from 6 to 8 a.m. and 5 to 6 p.m., on week days, and all day on Sundays, eight for twenty-five cents; tickets for school children, available on school days only between 8 a.m. and 5 p.m., ten for twenty-five cents. According to the Company's figures, the average fare paid by the citizen is 4.01 cents. The Company is also required to give for one fare a transfer or as many transfers as shall be necessary to allow one continuous trip over the lines from any one point to any other within the city. The Company states that it has issued during 1914-5-6, 56,821,791 of these transfers and claims that in comparison with some American cities where a straight five-cent fare without universal transfers is charged, the transfer system as operated in Winnipeg means not only a convenience but a material saving to citizens.

During the last four years the total taxes paid on account of the railway utility of the Winnipeg Electric Railway Company to the City of Winnipeg have averaged $233,000 per annum, as shown by the following details obtained from the Public Utilities Commission:

Taxes Paid to City on Railway Utility of the Winnipeg Electric Railway Company

	Year 1916	Year 1915	Year 1914	Year 1913
Operating Property Taxes	$ 21,401.74	$ 21,554.53	$ 22,060.19	$ 18,315.88
Statutory Business Tax	23,550.00	21,000.00	19,980.00	15,288.00
City Percentage	103,767.17	92,843.38	116,026.90	119,228.96
Car License	6,460.00	6,460.00	6,460.00	6,060.00
Pavement Taxes	83,466.92	84,583.41	77,979.09	64,088.10
Total	$238,645.83	$226,441.32	$242,506.18	$222,980.94

NOTE—Does not include taxes on Electric Railway Chambers.

In pursuance of the agreement that the Street Railway Company should bear the cost of the permanent paving of the right-of-way, the City has advanced to the 31st December, 1916, $1,620,512.00, of which amount a large portion has been refunded by the Street Railway Company. There remains a liability to the City on this account as at 31st December, 1916, of $725,468.00, which is payable to the City out of the Railway Company's earnings.

During the three years 1914-5-6, the Company claims to have paid citizens of Winnipeg for their labor approximately $4,375,000, an average of over $1,450,000 per year. During the same period the amount stated as paid Winnipeg merchants and dealers for materials and supplies was about $2,475,000 or $825,000 per annum. The number to whom the Company gives permanent employment is stated at approximately 1,700. These figures for labor and material relate to all departments of the Company's business and not to transportation alone.

THE JITNEYS

In Winnipeg, as in many other cities of the North American continent, the jitneys, since their first appearance in Los Angeles on July 1st, 1914, speedily found favor with a con-

siderable section of the public. With some people perhaps novelty was the first attraction, but many found the jitneys convenient in places where the street cars were crowded, or at rush hours, or where the street car service was unsatisfactory, or where there was no such service in operation. Many patronized them because of their greater speed, as in the case of people working in the city who, having a single hour off at mid-day, find it possible to make the return journey and have lunch at their own homes within the hour.

REGULATIONS UNDER WHICH JITNEYS OPERATE

As regards the regulations under which jitneys operate, the charge for a jitney license is $20 annually for each car, with a recording fee of fifty cents. About 575 licenses were held at the close of September, prior to the coming into effect of bonding regulation. About 75 license-holders had other means of livelihood. There is no obligation upon a license-holder to ply at regular hours or over specified routes, or on Sundays or at night, or in all weathers. A flat rate of five cents before, and of ten cents after, 12 p.m. is charged as fare and no transfers are issued. The recently passed amendment to By-law 9570 requires that—

> "Every applicant for a license for an automobile or motor bus for hire and all those having license for the current year shall take out a policy of insurance in a solvent and responsible insurance company satisfactory to the Committee (in this case the Chairman of the Market, License and Relief Committee, the License Inspector and the City Treasurer) or furnish a bond or bonds satisfactory to the Committee in the sum of $1,000 against personal damage to any one person, in the sum of $200 against property damage, and in the sum of $5,000 against personal damage in any one accident. . such policy of insurance or bond, as the case may be, to be conditioned that the said applicant will pay or cause to be paid all personal loss or damage that may result to any person, and all loss or damage that may result to any property from the negligent operation of or on account of any defective construction of the vehicle to operate which such license shall be granted, or which may arise or result from any violation of any of the provisions of this by-law. . said policy of insurance or bond shall contain a provision that there is a continuing liability thereunder, notwithstanding any recovery thereon. . said applicant or owner shall during the currency of this license keep such policy of insurance or bond in full force. . if for any reason the said policy of insurance or bond shall at any time become unenforcible, the license granted to the applicant under the terms of this by-law shall be cancelled and revoked."

The City Council passed the above by-law but declined to accept a personal bond and resolved "that the Committee on Surety Bonds, appointed by By-law No. 9677, be instructed to accept bonds of a mutual tariff or non-tariff company, providing—

1. That the Company on starting business has $10,000 in cash and conforms to the rules and regulations of the Insurance Department of the Province of Manitoba and is licensed to do business by said Department;
2. That, if required, a financial statement of the company, certified to by a chartered accountant shall be submitted to the Committee not later than the tenth day of each month showing the condition of the company at the end of the preceding month;
3. That immediate notice be given to said Committee of the receipt of claims for damages, provided that if at any time in the opinion of the Committee the company becomes insolvent, or if they have reason to believe they will be unable to meet claims, the Committee have authority to demand additional security and failing to supply such, the bonds may be cancelled and the license suspended until such further security is supplied."

UNSATISFACTORY FEATURES OF TRANSPORTATION IN WINNIPEG

From the point of view of public service, transportation as it has been operated in Winnipeg has had several unsatisfactory features. Under whatever method a public utility is administered, whether by the municipality or by a private corporation, to whom an exclusive franchise has been granted, the citizen has the right, in the case of transportation, to expect a service which shall connect every part of the city with every other part as rapidly, as cheaply, and with as little risk as possible, and the main aim of which shall be not only to cater for the needs of the city that is, but to assist in the development of the city that will be.

It has been a criticism of the Street Railway Company that in the past it has shown less consideration for the interests of the travelling public than might have been expected, considering its resources. It would seem in the best interests of the public that the Street Railway should operate more cars during rush hours and give a faster service with all cars. This might be accomplished by making fewer stops. It is unfortunate for a clear comprehension of the workings of the Street Railway that while the Company is engaged in three services (namely, transportation, sale of gas and the sale of electric light and power), its published accounts have not, in the past, distinguished the earnings from these sources.

On the other hand, complaint is made that the jitneys do not give a service over the whole or the greater part of the city, but mostly confine themselves to crowded thoroughfares already served by the Street Railway Company. In addition, they are irregular, few and far between in winter or stormy weather, and in summer ply mainly at the rush hours, while the street cars are obliged to give a seven-day-a-week-all-the-year-round service. The Jitney Owners' and Drivers' Association claim to have endeavored in certain streets to keep up a regular service, but the Association itself suffers from the competition of drivers or owners to whom the jitney is not the sole means of support. Lastly, the jitney, while it cannot as circumstances are at present, provide more than a bare living for many drivers, can skim the cream off the traffic in the crowded districts and thus seriously depreciate the earnings of the Street Railway Company. It follows, therefore, that if the districts where there is most traffic do not yield a good surplus, the parts where there is less traffic cannot be served at all.

PRESENT FINANCIAL POSITION OF THE STREET RAILWAY COMPANY

The street cars illustrate the circumstances common to all public utilities—that the profit derived from the crowded districts carries the loss on the less productive lines in the sparsely settled portions of the community. The short haul pays the loss of the long haul. The remunerative down-town business enables the Company to carry its investment and operate the outlying lines, which otherwise could not have been built. This principle lies at the root of the agreement between the municipality and the Street Railway Company. It is the principle on which railways, telephones, the post office, and practically all public utilities are operated.

The Street Railway Company paid no dividend in 1915 and 1916, and its stock, which in 1913 sold at $268 per $100 share, could recently command no more than $36. While jitney competition is by no means the only cause of this state of affairs, if the existing situation continues, the Company cannot be expected to develop and extend its system, nor even maintain its present level of efficiency. A decrease in the Company's earnings means a direct financial loss to the City itself. Moreover, unless the present unsatisfactory financial position of the Company improves, the City will be unable to demand through the Commissioner of Public Utilities that the Company shall better and extend its service.

BREACHES OF TRAFFIC REGULATIONS

The following comparative table shows the number of breaches of the Traffic and Cab By-laws and of the Motor Act in the months of July and August, 1915 and 1917. The proportion of breaches of regulation due to private automobiles and to jitneys respectively is not obtainable, but it is definitely known that the general increase in motor traffic has necessitated the employment of extra police officers on point duty at Lombard Street and the junction of Notre Dame Avenue East and Main Street. This involves a considerable extra expense to the public. Apart from this it is clear that the figures for 1917 in the appended table disclose a state of affairs which calls for remedy.

	Traffic By-law		Breaches of Cab By-law		Motor Act	
	July	Aug.	July	Aug.	July	Aug.
1915	119	206	....	1	57	73
1917	139	133	15	32	127	170

FUTURE POLICY

Pending a fuller enquiry into the transportation question as a whole, the League is not at present prepared to make independent recommendations, but offers the following information by way of suggestion.

JITNEY REGULATION

The example of other cities on this continent goes to show that even if it be admitted that the jitney is a legitimate auxiliary to the trolley, the interests of the travelling public demand that the jitney should be controlled and regulated. Of 175 cities in which jitneys are to be found, 94 require license fees ranging from $1 to $250 per bus per year, the fee being usually graduated in accordance with the seating capacity of the vehicle. Eighty-six require a bond ranging from $2,000 to $20,000 per bus to ensure payment of claims, personal injuries, judgments and other obligations.

In the State of New York it is necessary for those desiring to enter the transportation business, which includes operation of all vehicles carrying passengers for hire, to obtain a franchise from the local municipality as well as a certificate of convenience and necessity from the Public Service Commission. When the Commission has conducted hearings and feels that the proposed service would be necessary or afford convenience, a certificate is granted covering a short period of years. At New Rochelle, N.Y., three per cent. of the gross earnings of the jitney bus company must be paid to the City and a bond must be given to ensure payment of all obligations. At Long Beach, California, two franchises were recently sold for the exclusive right to operate jitney busses over certain streets. One of these was

sold for $6,000 and contains a condition for payment of a certain percentage of gross receipts to the City. In some other Californian cities permission has been refused jitneys to run on streets occupied by street railway lines and, in San Francisco, to run at all during certain hours of the day. Herewith are appended more exact details of ordinances covering the operation of jitneys which are in force in Los Angeles and Minneapolis. It will be noted that the bonds required are for much larger amounts than in Winnipeg.

LOS ANGELES

1. License fee:

Seating capacity	Fee per quarter
5	$11.25
8 to 10	18.00
21 to 25	30.00

2. The permit contains (a) the names of the streets over which, and the fixed termini between which, grantee is allowed to operate; (b) a statement of the maximum seating capacity which the grantee is permitted to operate.

3. A bond is enforced of $5,000 for injury or death of one person; $10,000 for injury or death of two or more persons; $1,000 for injury or destruction of property.

4. Jitneys must operate on a defined schedule at regular intervals between 6 a.m. and 12 p.m.

5. Failure to observe the ordinances is punishable by a maximum fine of $500 or imprisonment for not more than one year or by both such fine and imprisonment.

6. Monthly financial statements of both receipts and expenditures must be furnished by jitney owners to the Board of Public Utilities.

MINNEAPOLIS

For a seating capacity of not more than seven persons an annual license fee of $15 is charged and $2 extra for each additional seat. It is unlawful to carry a greater number of persons than two in excess of the seating capacity of the vehicle. A bond to cover injuries caused by negligent operation or defective construction is enforced of $5,000 for any one person injured or killed, and $10,000 for any one accident, irrespective of the number of persons killed or injured. The police department is empowered in cases of fire, accidents, parades, obstruction on, breaks in, repairs of streets, or any emergency, or to prevent accidents or congestion of traffic, or in case of public convenience or necessity, to divert or route motor vehicles upon such streets as in its judgment is necessary.

Previous to the enforcement of the above ordinances Minneapolis, like Winnipeg, had several hundred jitneys, mostly touring cars, operating upon its streets. After the ordinances were passed the great majority of these machines went out of business and were replaced by larger busses specially constructed for the purpose and capable of carrying from thirteen to twenty-two passengers. Of these there are now about thirty-six in operation and less than a dozen of the smaller machines.

SOME CANADIAN CITIES

It is important to notice that in those Canadian cities where there is municipal operation of the street railways, such as Calgary, Edmonton, Regina and Saskatoon, jitneys have been so regulated that they practically do not exist. This appears to show that where the City itself undertakes the business of carrying passengers it endeavors to keep the street car service on a paying basis by not allowing the unrestricted competition of jitneys.

PROPOSALS OF THE WINNIPEG JITNEY OWNERS' AND DRIVERS' ASSOCIATION

The Secretary of the Winnipeg Jitney Owners' and Drivers' Association, which has been striving by voluntary regulations and otherwise to get its members to provide a useful public service, states that its Union would be quite willing to accept a number of regulations like the following:

1. That there should be much greater care in issuing licenses, which should only be granted to British subjects of full age who have resided for some time in the city and who intend to devote themselves solely to jitney driving;
2. That a bond of $1,000 against negligent operation should be imposed;
3. That there should be definite routes and termini for jitneys, and that "cutting out" should be forbidden;
4. That drivers should be required to give a seven-day-a-week-all-the-year-round service;
5. That there should be much more stringent enforcement of the existing regulation with regard to overcrowding;
6. That there should be a much more severe efficiency examination for drivers;
7. That the inside of cars should be lighted at night and that there should be much more careful supervision of the traffic after 12 p.m.

THE RECENTLY AMENDED CITY BY-LAW

The League has given careful consideration to the recently amended Winnipeg City By-law previously quoted and is of the opinion that the amounts now stipulated ($200 for property damage, $1,000 for personal injuries to an individual and a maximum of $5,000 for any one accident) seem too low as compared with the requirements found necessary in many other cities in order adequately to protect the public. The public is protected only when realization on bonds is certain and prompt. It is, therefore, gratifying that the Council refused to permit acceptance of personal bonds. It agreed, however, to the proposal that bonds may be issued by a mutual company of jitney owners, on condition that such company put up $10,000 cash. While this amount is the minimum deposit required by the Government for a provincial bonding company, further reserves, based on premiums received, would have to be maintained to comply with departmental regulations. But the possible danger in the proposition is that such reserves may be based on altogether inadequate premiums, in which case formal compliance with government regulations might lull to false security.

CITY REPRESENTATION ON STREET RAILWAY DIRECTORATE

A proposal, which seems reasonable and practical, has recently been made that the City should be represented on the Board of Directors of the Winnipeg Street Railway Company by two persons, nominated by the City Council but not necessarily members of it, who should have the same powers as other members of the Board and whose duty it should be to care for the City's interests and keep the citizens' point of view constantly before the Board.

CONFERENCE SUGGESTED

The League considers that the present system of operating jitneys and street cars is not in the best interests of the public and suggests that a committee representing the City Council, the Jitney Owners, the Winnipeg Electric Railway Company, and the Public Utility Commissioner meet and formulate an equitable system to improve the efficiency of both services for the routing and handling of the passenger traffic of the city. If the different interests cannot agree, the Public Utility Commissioner might act as referee.

Preceding bulletins of League may be obtained from Secretary:—No. 1, Keeping Track of Citizens' Business; No. 2, Bird's Eye View of City's Budget; No. 3, Civic Assessment and Property Values; No. 4, That $2,000,000 Fire Tax.

If you have received more than one copy of this bulletin, please hand it on to some one else.

OFFICERS OF CITIZENS RESEARCH LEAGUE OF WINNIPEG

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47 Aikins Bldg. Phone Garry 3320

If you are not already a member of the Citizens Research League, the Secretary will be glad to take the matter up with you if your name and address are sent to him on this blank.

NAME .....

ADDRESS .....

WINNIPEG AFFAIRS
ARE *YOUR* AFFAIR

The City's Problem
of
Street Transportation

(Preliminary Report)

BULLETIN No. 5 *of*
CITIZENS RESEARCH LEAGUE
OF WINNIPEG

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WINNIPEG AFFAIRS ARE *YOUR* AFFAIR

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Your Forgotten Liability of $700,000 for Pensions.

BULLETIN No. 6 *of*
CITIZENS RESEARCH LEAGUE
OF WINNIPEG

Are YOU *Aware That a*

CIVIC LIABILITY OF $700,000

never yet shown in any City Financial Statement, has already been created by the

UNSOUND PENSION SCHEME

in operation between the City and its Employees?

FURTHER SALARY INCREASES

have been asked by Civic Employees. Future retiring allowances must be taken into account in comparing Civic Salaries with those outside the City Hall, but any civic pension scheme should be based on sound business principles. Winnipeg's present scheme is unsound and extravagant.

YOUR OWN INTERESTS ARE SO INVOLVED

in this matter that you should at least read the summary of this report appearing on the next page.

Pensions to Civic Employees

LETTER OF TRANSMITTAL

FROM THE

CITIZENS RESEARCH LEAGUE OF WINNIPEG

To the Citizens of Winnipeg, the City Government, and the Heads of Civic Departments:

The accompanying report on Pensions to Civic Employees compares Winnipeg's existing system with the plan embodied in a proposed new city by-law which follows in the main the recommendations of Professor Mackenzie, M.A., F.I.A., of the University of Toronto—the recognized Canadian actuarial authority on pensions. This report results from the unanimous findings of the League's special Committee on Civic Finance and Audit, consisting of A. L. Crossin, C.C. Ferguson, A. K. Godfrey, D. B. Harkness, F. E. Martin, H. S. Seaman and S. R. Tarr (chairman).

On behalf of The Citizens Research League,

S. R. TARR, President,
R. P. FARLEY, Secretary.

January, 1918

OLD PLAN HAS CREATED $700,000 CIVIC LIABILITY

A Civic Liability of over $700,000 has already been incurred up to January 1st, 1917, according to expert actuarial report, under the Pension Plan for General Civic Employees and the Police Superannuation Fund, assuming that present provisions are continued.

In addition to making up this accrued deficiency, future contributions of from 6 to 10 per cent of all employees' salaries would have to be paid from taxes to maintain solvency of present Pension plans, as the existing systems provide for no contributions whatever from employees themselves.

NEW PLAN WOULD ULTIMATELY COST CITY ONE-QUARTER OF OLD

The cost to the City under the proposed new plan would be less than one-quarter of the present deferred-payment system, when the time arrives at which the population and civic staff of Winnipeg become comparatively stationary. This is the written opinion furnished by Professor Mackenzie.

CRYING NEED FOR CHANGE

Instead of proceeding hitherto on any sound basis of setting aside reserves, the city has been granting retiring allowances each year to the men who in that year become eligible for pensions. At present the annual outgo (for both General Civic Employees and Police Force) is well on to $32,000. For the immediate present this procedure may seem cheap and easy as compared with the new plan recommended. But the old method means a very "steep grade" for the future—a four-fold climb in the end, instead of a comparatively "level road." The fallacy of the existing plan is similar to that of the many assessment insurance schemes that have got into difficulties of late years.

FURTHER DELAY WOULD BE COSTLY

The question is one to be met fairly and squarely. It is proposed to fund the already accrued liability of approximately $700,000 and spread its payment over the next 40 years so as to equalize the burden. Then, for the future, it is proposed to build up a fund so that each generation of taxpayers will be making honest provision for the old age of its own servants. It is also proposed that half the cost of this future provision be collected from the civic employees themselves instead of the city bearing the entire cost as at present. To raise the annual amount of $113,000 needed to take care of the old liability of $700,000 and provide for the new plan would call for an additional levy of less than half a mill on Winnipeg's present assessment. A man with property assessed for $1,000 would have his taxes increased less than 50 cents per annum but would escape the vastly heavier later tax burden involved in a continuance of the present deferred-payment system.

LEVEL ROAD—OR STEEP GRADE?

In the industrial world, equitable old age pensions are more and more coming to be recognized as "good business" by large corporations. In the municipal civil service the need for them is increased by the fact that their absence tends to the retaining of employees past the age limit when they can serve the public with full efficiency.

Very properly a special Pensions Committee of the City Council has been giving attention to this matter and has lately introduced a new Pensions by-law. Under the old Pensions by-law passed in 1913, pensions varying from $281 to $4,320 and amounting in all to about $28,000 annually, are now being paid to 39 retired civic employees (exclusive of two pensioners of the Police Department, which has a separate plan under which this year's outgo is estimated at about $3,900). So that, even if there are no further additions to the pension list this year, the year's outgo may run to nearly $32,000 altogether. There is apparently no upper limit to the amount of the individual pensions that may be granted under the city's present general by-law.

This procedure is laying up future trouble analogous to the plight in which scores of assessment-plan life insurance societies have found themselves after the passage of years. The time has come (in fact, is long overdue) for squarely facing this whole matter of pensions, and the report prepared by Professor Mackenzie for the City Council calls for careful and immediate study by the citizens of Winnipeg.

Need for Sound Actuarial Basis to any Pension Scheme

Some months ago the decision was reached by the Carnegie Foundation trustees that their original scheme of retiring allowances to college professors must be radically changed to avoid insolvency. Recently, too, the practical bankruptcy of the New York City Teacher's Retirement Fund necessitated its reorganization at heavy cost to the municipality. A few weeks ago Finance Commissioner Bradshaw, of Toronto, reported a deficit of $395,000 in the Fireman's Benefit Fund in that city. These afford three recent instances of the fatal mistakenness of not securing at the outset thorough actuarial calculations as to future liabilities and the adequacy of the income provided to meet them.

Wholly Contributory, Non-Contributory—or Partially?

Speaking generally, there are three types of pension fund—all of which are to be found in Winnipeg. First there is the Wholly Non-Contributory System now existing under By-law No. 7507 for civic employees generally, to which they contribute nothing; of this non-contributory variety also is the separate Police Superannuation Benefit Fund. The second class of scheme is the Wholly Contributory Scheme, such as that of the Winnipeg Firemen's Benefit Association—a voluntary plan supplementary to and independent of the city's general pension scheme, being supported without any civic grant. The third class of pension plan is frankly a compromise between the wholly Contributory and the Non-Contributory extremes and may be termed the Partly-Contributory system; the Winnipeg Teachers' Retirement Fund supported partly by the School Board from public taxation and partly from levies upon the teachers themselves is a local instance of this third method—though not on a strictly actuarial basis.

Schemes in accordance with any of the three methods may be unscientific and inadequate—or may be actuarially based. But the third method has been found in practice the most generally desirable. The following are among the advantages it possesses over the other two, according to Paul Studensky, of the New York Bureau of Municipal Research, in his pamphlet on The Pension Problem.

Advantages of Partly Contributory System, such as is now proposed for Winnipeg

Such a system is a joint undertaking which involves mutual benefits and a twofold purpose—on the one hand, insuring the employees and their dependents against want in old age, disability, death, and (to some extent) resignation and dismissal; on the other hand, facilitating the elimination of the inefficient from the service and promoting an esprit de corps.

It makes possible the establishment of a financially sound system (the cost of which amounts to from 6 or 10 per cent. or more, according to age, of wages) by dividing the cost and requiring the employees to pay only 3 or 5 per cent. It is to just such a Partly Contributory System that Professor Mackenzie advises the City of Winnipeg to change.

The present Non-Contributory plan has manifest objections. It is inequitable as between older and younger employees. It provides no definite benefits for the contingencies that threaten young employees, such as early disability or early death, but provides exceedingly liberal benefits to the fortunates who remain in the service until old age. It becomes too costly for the city. It has been abandoned almost everywhere abroad, being ill-adapted to the establishment of a sound actuarial system involving the building up of a reserve because the cost of such a system is too great for any city to bear without contributions from employees.

Existing Put-off-till-tomorrow System; Provisions of Present By-law

By-law No. 7507, relating to Pensions for Permanent Employees of the City, (other than Police Force) provides as follows:

There shall be included in each year's appropriations from current revenue a sufficient sum of money to pay pensions to persons who have been employed in the service of the City continuously for a period of twenty years or over.

No person is to receive a pension prior to age of 55 years, except when incapacitated by accident or ill-health. The services of any person over the age of 55 may be continued till the age of 65 is reached, when he shall retire and receive pension, but the Council may continue his services after the age limit of 65, provided health and ability are unimpaired.

The amount of pension shall be one-fiftieth of annual salary at time of retirement multiplied by number of years of service. That is to say, by way of illustration:

(a) Salary of $1,200 per year at time of retirement after 20 years of service would entitle employee to a pension of 1-50 of $1,200 multiplied by 20, or $480, or $40 per month;

(b) but in no case shall the pension payable be less than $25 per month.

Leave of absence or sickness shall not be counted against period of service. Suspension or dismissal, followed by reinstatement within one year, or a temporary lay-off, need not necessarily be treated as a break in continuity of service. Persons voluntarily leaving the employ of the city when their services are needed or required, shall not be entitled to pensions.

The acceptance of a pension does not debar a retired officer or employee from engaging in other business.

The establishment and continuance of the system of pensions is stated in the by-law as being entirely voluntary so far as the City is concerned, and as not giving any officer or employee of the City a legal right to be retained in its service, nor any legal right or claim to a pension whether retained or discharged.

Present Police Force Pension Scheme

The City's existing general pension by-law does not cover members of the Police Force. A so-called Superannuation Benefit Fund for members of the Police Force and their families was nominally established in the year 1910 by a charter amendment which provided for a yearly tax levy for this purpose not to exceed one-eighth of a mill on the dollar of the City's assessment. Only two pensions were paid last year, aggregating $3,394.80—or something under one-tenth the maximum levy that might have been made on basis of 1916 assessment.

Professor Mackenzie has this to say of the present system, "The serious weakness lies in the fact that it provides no contributions in advance from the employees or from the City. The printed leaflet refers to a Pension Fund. There is no Fund. It is simply a cash disbursement system, and would ultimately cost the city about four times as much per annum as the proposed Pension Fund will in respect of the same employees."

The existing regulations as to gratuities payable monthly from the Fund by the Board of Police Commissioners are as follow:

(1) After 25 to 30 years' service a member of the force is entitled to retire voluntarily on life pension amounting to one-fiftieth of salary at time of retirement for each year of service.

(2) After 20 years' service pension similarly calculated (as a maximum) may be granted in the discretion of the Board.

(3) After 15 years' service, allowance may be granted in discretion of Board equivalent to 20 days' pay for each year of service up to 15 years, and an additional one days' pay for each additional year of service, based upon the salary at time of resignation.

(4) After 10 but less than 20 years' service, a member suffering from permanent health disability may receive an allowance equivalent to 20 days' pay for each year of service up to 10 years, and for each additional year of service an additional 2 days' pay for each year of service not exceeding 20 years, based upon salary at retirement.

(5) A member permanently injured in discharge of duty is entitled to annual pension of two per cent. of his annual salary for each year of service—with maximum of one-half salary at time of injury.

(6) On the death of a member during first year of service his widow or personal representatives are entitled to $250; where death occurs after first year, this sum is increased by $60 for each additional year of service—maximum to be yearly salary at time of death.

(7) Where member dies within 6 months from injuries received in discharge of duty, the above allowance is increased by one-half.

One noticeable fact in the foregoing is the early age at which a policeman may, while still in perfect health, retire on half his final yearly salary and be free to engage in any other occupation without interference with this pension. Compared with members of the Fire Brigade (whose work is undoubtedly the more dangerous) members of the Police Force apparently receive more favored treatment from the City as regards pensions. A man joining at age 21 may retire, with these privileges, at the age of 46. Professor Mackenzie also raises the point of the possibility of regulation No. 3 tempting men to leave the service with a year's pay in hand— more particularly in times when other avenues of employment offered good opportunities.

The adequacy, or otherwise, of even the city's maximum possible contribution, as fixed by charter, to keep this scheme permanently solvent is certainly open to serious question.

Comprehensive Alternative Plan on Definite Basis

In place of the two foregoing unsound systems of pensions, the Pension Committee of the City Council recommends the adoption of Professor Mackenzie's plan to establish a definite Pension Fund for all permanent employees of the City of Winnipeg (including Police Force) to which should be credited, as at the first day of January, 1917, the sum of $704,000 as the initial cost (under his plan) to the City to put present employees in the position they would be in had the plan been in force when they originally entered the city's service.

The proposal made provides that this initial Pension Fund (which is to be in the hands of the Sinking Fund Trustees) shall be credited with all contributions received from employees and shall also be credited with sums contributed by the City itself equal in each case to the contributions made by employees. Further, the fund is to be credited with the full interest earned from its reinvestment by the Sinking Fund Trustees. Against the fund shall be charged all returned contributions (as noted below) and all pension payments; there shall be no other charge of any kind made against the fund.

Equal Contributions from Employees and City

The plan stipulates that all present and future employees shall contribute to the Pension Fund stated percentages of salary, according to age at time of entry into the Fund. In practice these would be by way of deduction from each salary cheque or pay envelope.

The schedule of rate of contributions according to age at entry into the Fund would be as follows:

Below age 27	3%	throughout	future service.
Between ages of 27 and 33,	3½%	"	" "
" " " 33 " 38,	4%	"	" "
" " " 38 " 42,	4½%	"	" "
" " " 42 " 45,	5%	"	" "
Present employees over age 45	5%	"	" "

Thus an employee aged 30 at time of entry into the Fund would, while in receipt of $1,600 yearly salary, pay $48 annually, or $12 a quarter as his contribution. No person entering the service of the city in future, after having passed his 45th birthday, would be eligible to contribute to the fund.

Cases where Contributions would be Returned

Contributions would be returned, with 3% compound interest to (1) those leaving the service of the city; (2) the heirs of those dying while in service of city; (3) the heirs of those who die as pensioners before receiving the whole of such return by way of their pension payments.

Granting of Pensions under Proposed Plan

Pensions would be granted to employees leaving the service of the city (1) who have served at least 15 years and have, through sickness or accident become invalids and thus permanently unfit for further service; (2) who have served for at least 40 years and are 60 years of age; (3) who have served for at least 20 years and are 65 years of age.

The annual sum payable as a pension would be one-fiftieth of the average salary for any five years of service, multiplied by the number of years of service up to, but not exceeding forty years of service. If the application of this rule should in any case produce a pension of less than $500 a year the pension payable would be $500 a year. In no case would a pension of over $2,500 be granted.

Pensions would be payable monthly and apportioned to date of death. The City would have the right to demand the retirement of any employee who had reached the age of 65, after three months' previous notice.

No civic employee who receives compensation under section 37 of the Workman's Compensation Act which provides for permanent total disability will be entitled to a pension under the proposed By-law, but his own contributions to the Pension Fund with interest at 3 per cent. would be refunded, and an equal amount refunded to the City.

Nothing under the proposed by-law would prevent the City from exercising its rights to discharge or retire at any time any employee from its service, when the interests of the City may so require; and his rights under the fund would, in such case, be limited to return of his contributions with interest of 3 per cent.

Any former employee, re-entering the service of the city after drawing out his past contributions to the Fund would, for the purpose of the Fund, be considered as a new employee. It is, however, provided that employees on active military service shall be given credit for time so spent.

Additional Provisions for Firemen and Policemen

Firemen and Policemen, though subject to special hazards in the course of their occupation, do not come under the Manitoba Workmen's Compensation Act as do, for instance, the City's Electrical Workers. In view of this the Pension Committee of the City Council recommends that any member of the Police or Fire Departments who at any time during his employment is suffering from any infirmity of body or mind brought about by any injury received while in the performance of his duties, and who is certified by a Board of three fully qualified Medical practitioners (one of whom shall be the Medical Health Officer) to be no longer fit for duty, shall be entitled to a pension of an equivalent amount to that which he would have been entitled to had he completed 15 years of service; provided always that in the event of any member of the Police or Fire Departments retiring under this provision, the City shall, each month after his retirement until 15 years' service would have been completed if he had remained in the City's service, pay into the Pension Fund the amount of the employee's contribution, and its own contribution of equal amount, together with the amount of the pension granted.

This latter provision would keep the Pension Fund mathematically intact, but it should not be overlooked by the City that the additional protection granted requires that provision be made for it by adequate annual contributions to the fund that is being accumulated as a reserve for Workmen's Compensation claims.

Maximum Pension of $2,500

Following the strong recommendation of Professor Mackenzie, the proposed by-law departs from the recommendations of last year's Committees for a maximum pension of $1,500. Professor Mackenzie gives the following as the reason for proposing the $2,500 maximum: "In order to make the retirement possible, the pension should bear some reasonable proportion to the salary. A pension of $1,500 is no inducement to retire to a man who has been living on a salary of $5,000. But it is just these more highly paid officials who ought sometimes to be retired in the interests of the City. It is only a few who will ever draw pensions above $1,500. There would seem too, to be an element of unfairness in requiring older and higher-salaried employees to pay a percentage on the whole amount of their salaries when the utmost they could ever obtain would be $1,500 a year." The slight saving from the lower maximum, according to Professor Mackenzie, would be dearly purchased at the expense of having ultimately to retain even one official on a large salary who ought to be pensioned and replaced by a younger and more capable man on a smaller salary. The annual saving by adopting the lower maximum is estimated by the City Treasurer as being only $760.80 a year on basis of present staff and salaries.

There is this further to be said in favor of the $2,500 maximum. Calculation shows that if $1,500 were the maximum pension, the higher salaried employees would pay in more money (taking interest accumulation into account) than they could hope to draw out.

One or two past instances bear out Professor Mackenzie's contention that there is apparently no upper limit to the pensions that may be granted under by-law 7507. Nor is the present salary scale such as would bring very many pensions between $300 (the lower limit under by-law 7507) and $500 (the higher minimum now proposed).

Distribution of any Possible Surplus

It is recommended by Professor Mackenzie that at least once in five years the records should be submitted to an actuary, and the fund valued and, if necessary, readjusted in the light of the experience gained. Professor Mackenzie anticipates that some surplus would be found at the first quinquennial valuation and inclines to the view that if this should subsequently appear to be a permanent feature, then additional benefits should be granted to heirs of employees dying while in the city's service. It is open to argument whether this would be the best disposition to make of such surplus. By-law No. 7507 gives the following as the reason for the establishment of a civic pension scheme: "The City hopes

by the establishment of a system under which a continued income will be assured to those officers and employees who, after years of continued service, are by age or infirmity no longer fitted to perform their duties (and without which they might be left without means of support) to build up amongst them a feeling of permanency in their employment and an enlarged interest in the City's welfare and a desire to remain in and devote their best efforts and attention to the City's services." The point was incidentally brought out in the recent hearings before the Board of Valuation and Revision re Taxation that civic officials who have shown themselves capable are sometimes offered materially higher salaries by private corporations. The assurance of a retiring pension tends to act as an offsetting influence in such cases. Having in view this chief purpose, from the city's standpoint, of a pension scheme the question arises whether, instead of Professor Mackenzie's suggestion, it might not be preferable to devote any permanent surplus to increase the scale of retiring allowances. Then there is a third alternative worthy of consideration, namely, the utilization of such surplus toward wiping off the City's initial liability created by the establishment of the Pension Fund.

Retiring the Initial Indebtedness

The immediate debt of $704,000 that would be created under the proposed plan might, in the opinion of the City Treasurer, be covered by a 4½ per cent. debenture issue with 40-year sinking fund redemption. It is proposed that these debentures be held by the City's Sinking Fund Trustees, as to market them would only mean the obtaining of funds for which reinvestment would have to be sought. All moneys received on account of pensions would be paid over to the Sinking Fund Trustees for investment and all payments to pensioners would be made by these trustees after approval of claims by the Pension Committee.

The amount which the City would have to place in yearly estimates would be made up as follows if the staff remained at approximately the same size and salaries remained on average at present level:

4½% interest on $704,000 bond issue (payable for 40 years)	$ 31,680.00
Sinking Fund on Bonds (40 years 4½%)	6,557.57
City's yearly contribution (equal to that of Employees now on staff) about.	75,000.00*
	$113,257.57

* Professor Mackenzie's estimate of the City's contributions, based on 1916 salary scale, was $65,400. Taking into account the fact that civic salaries were increased by about 7½ per cent in 1917, the figure of $75,000 would seem a fair adjustment for this item.

This would not take into account the sum of $32,000 now being paid annually to employees already on the civic pension list (including Police)—it being the recommendation of the City Treasurer that this be not funded as a capital debt. As time goes on, and individuals die, the amount paid to existing pensioners will decrease—offsetting to some extent the increase in City's annual contributions to the new Fund.

Could Future Ratepayers Stand the Burden ?

An immediate increase of over $100,000 in the City's yearly estimates is not a cheerful prospect, but it has to be recognized as a fixed charge necessary to care for a liability that cannot be evaded—except by cancelling or radically changing the whole system of pensions to civic employees. To continue the present blindfold method of pay-as-we-go means a piling up of a fourfold heavier annual taxation burden for the future. This is a condition not impossibly leading to repudiation or drastic "cutting" later on, after employees have for years been led to count upon certain definite retiring allowances. In all fairness, the matter should be at once dealt with—and the whole pension system frankly abandoned or else placed upon a sound bottom. Every year's delay must mean confusion worse confounded.

When a Pension Fund such as now proposed has been a long time in operation, according to Professor Mackenzie, about half the income would come from interest; and to the other half, the City and the employees would contribute equally. But by the present unscientific cash disbursement plan the City will always be in debt to its employees; and debts bear interest.

From last year to the current year there is an increase of 25 in the total number of civic pensioners (from 16 to 41) involving increase of about $9,000 in annual amount. During past years of rapidly increasing population the effect on taxes has been slight. But in years to come, when the normal annual increase in population will be only 5 per cent. or even 3 per cent., the yearly tax burden from this cause must be a growing accumulation of deferred liabilities to be met by the next generation. As Professor Mackenzie points out in a letter to the Citizens' Research League, the pensioners of to-day are the survivors of

the small staff of employees who were in service twenty-five or thirty years ago; and the number of pensioners from now on must increase about as rapidly as the staff itself has increased during the past generation.

Unless the City's pension system is now put on a sound basis, the possibility of entire repudiation by future ratepayers has to be reckoned with. It is an established principle in municipal jurisprudence that a "retrospective rate" may be quashed by ratepayers. It is of interest in this connection to quote as follows from the judgment of Mr. Justice Chandler in the English case of the Attorney-General vs. De Winton (re misapplying of Borough of of Tenby funds): "I should like to point out what is the real meaning of the objection that a rate is retrospective, which I think this rate clearly was. It means that any ratepayer is entitled to say that he is being charged with a sum which ought to have been charged upon and paid by the ratepayers in previous years. The principle is that municipal bodies are only entitled to charge upon future ratepayers present expenditure so far as they have statutory borrowing power; and the effect of their borrowing power is to enable them to charge instalments of present expenditure upon future ratepayers, and borrowing powers are granted upon the understanding that the capital expenditure benefits the future ratepayers."

Where the city's pension liabilities are overlooked (as under the present system) the yearly tax levies to meet pensions as they fall due must increase at an accelerated rate in days to come. Ratepayers twenty-five or thirty years hence might well object to (and legally quash) rates struck for the then payment of what should have been met as current liabilities year by year over a long preceding period.

APPENDIX

The Fire Department's Present Plan of Self-Help

Members of the Fire Department rank with other civic employees under the existing pension scheme. The Firemen have also, however, a supplementary organization of their own, known as the Winnipeg Firemen's Benefit Association—supported by their own contributions.

An entrance fee of $25 (payable $5 a month) is by by-law of Council, required of all new members of the Fire Department when joining the Firemen's Benevolent Association. Regular contributions to the fund consist of 1½% of member's gross monthly salary and monthly dues of 50 cents—these amounts being deducted from salary.

When a member resigns or is dismissed from the Fire Department all his interests in the Association cease.

In case of accidental injury sustained in the course of duty $10 per week is paid for temporary total disability, together with such other benefits as are specified. In the case of accident resulting in death, not less than $1000 is payable. In the case of death, either from accidental or natural causes, a funeral benefit of $100 is payable.

A member permanently incapacitated for duty, by reason of disease or disability, caused or induced by injury or by long service or exposure while in the line of his duty as a fireman, without fault or misconduct on his part, may on his own application be retired from the service. His pension in such case is to be equal to one-half of the average annual salary received while a member of the association. In case of funds being depleted to a point where pensions would have to be reduced, each member of the Association may be assessed up to $2 per month until each pensioner has been paid his claim in full.

The widow, minor children or dependent parents of any deceased member (provided his death is caused or induced by injury or long service and exposure, without fault or misconduct on his part, or occurs after he has retired on a pension)shall receive pensions as follows:

(1) Widow: sum of $25 per month, but pensions to cease upon remarriage. (2) To each child under age of 16 years, the sum of $5 per month, this to cease at age of 16. The maximum amount paid to widow and minor children to be one-half average annual salary of deceased while a member of Association. (3) To dependent parent or parents $25 monthly in all. (No pensions payable to parents where deceased leaves widow or minor child or children).

Any member who has been in the service of the Fire Department for 25 years or upwards shall be entitled to retire on pension of one-half average annual salary if he so desires. Members who resign or are dismissed and are subsequently reappointed shall count service from date of last appointment.

At the close of 1916 there was a balance of $63,732.55 to the credit of the Association, being an increase of only $877.23 for the year. Receipts for the year were as follows: $6,493.88 from members' assessments, dues and fees; interest, $3,096.55; donations from outside municipalities, $100.00; total, $9,690.43. Disbursements were: pensions, $8,167.80; accident benefits, $408.50; sickness benefits, $131.45; secretary's salary and miscellaneous expenses, $105.45; total, $8,813.20.

The enterprise of the Fire Department in establishing its supplementary scheme of self-help calls for sympathetic interest on the part of citizens generally. For this very reasons the Citizens' Research League would emphasize to those administering the fund the fact that its present basis is mathematically inadequate, even taking into account the fact that (in other than war times) considerable outside funds have been received, including receipts from annual benefit concerts. Annual outgo is already running very close to the income derivable without special assessments or outside contributions. If the present system continues, it seems an actuarial certainty that assessments will have to be made and increased at an accelerating rate to a point where, ultimately, even the maximum of $2 per member every month will be inadequate to continue pensions at the full scale. Careful immediate consideration should be given to the question of necessary reduction in scale of benefits, or to a complete change in the character of the fund.

Preceding bulletins of League may be obtained from Secretary :

No. 1—Keeping Track of Citizens' Business.

No. 2—Bird's Eye View of City's Budget.

No. 3—Civic Assessment and Property Values.

No. 4—That $2,000,000 Fire Tax.

No. 5—Problem of Street Transportation.

If you have received more than one copy of this bulletin, please hand it on to some one else.

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ARE *YOUR* AFFAIR

Your Forgotten Liability of $700,000 for Pensions.

BULLETIN No. 6 of
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JITNEY

OR

STREET CAR?

BULLETIN No. 7 *of*
THE CITIZENS RESEARCH LEAGUE
OF WINNIPEG

Jitney or Street Car?

COMMISSIONER'S DECISION THAT JITNEY CANNOT FILL THE BILL

Continued Auto Competition, says Dr. Adam Shortt (in Report now Accepted by Vancouver City Council) Would make it Financially Impossible for Street Car Service to Continue. Jitney Unable to Meet Requirements of Transportation should Electric Railway be Forced Out of Business. Demoralization of Local Transportation and of Financial and Commercial Interests would Result

WINNIPEG and Vancouver are the only two Canadian cities where jitneys are still in practical competition with street railway transportation. And the jitney is to be banished from the streets of Vancouver as soon as the city secures amendment to its charter. Such is the decision of the City Council, based upon the report of Dr. Adam Shortt, who acted as Commissioner under the Public Enquiries Act in the recent investigation into the operation and financial condition of the British Columbia Electric Railway Co. Both the city and the company undertook to abide by the findings of Dr. Shortt as to the jitneys and other matters, so that the outlook is now for an amicable working arrangement as to various points previously under dispute. The greater part of the commissioner's report, and the portion which will be of widest general interest, is that dealing with the question of transportation—particularly as affected by competition between the street cars and the jitneys.

Hard Times Beginning of Jitney

After more than a decade of abnormal growth and business activity at the coast, the B.C. Electric Railway Co. began in 1913 to suffer heavily from the reaction caused by a decrease in population and the resultant shrinkage in transportation. The outbreak of war brought with it a paralysis of capital investment, an urgent demand for men at the front, and a rapid rise in the cost of labor and material. The jitney, Dr. Shortt points out, made its appearance when the economic reaction was beginning to press heavily upon the company and began to ply on the central, shorter, well-paved and most lucrative routes. The heaviest decline in the company's traffic during 1916 and 1917 occurred on the Vancouver City lines (44 per cent decline), and the New Westminster Interurban line (48 per cent decline)—precisely the two divisions where the street cars were most exposed to jitney competition.

A peculiarity of the jitney, says the commissioner, was that at the outset it called for the expenditure of no new capital, "but simply the use of second-hand automobiles, vehicles of transit already existing and for which neither sale nor employment could be had in any other lines, while their owners were for the time being without other means of employment." These vehicles, it was supposed, were merely a passing phase of the hard times, and it was expected that they would disappear when the cars fell into disrepair or the owners found more stable or more profitable employment. It happened, however, that the continued supply of second-hand automobiles and the substitution of other types of drivers led to a more or less permanent jitney competition.

Continuance of Jitney meant Insolvency of Company

Dr. Shortt calculates that, making due allowance for the extra pleasure traffic which the jitney created for itself, a reasonable estimate of the loss to the B.C. Electric Railway Co. from jitney competition during 1916 would be about one-quarter million dollars on city and suburban lines of Vancouver. Thus jitney competition alone meant a falling-off of approximately one-sixth from the transportation revenue which the company would otherwise have received in this area—a decrease which, in the opinion of Dr. Shortt, "is quite sufficient to make the difference between the possibility and impossibility of financial continuance on the part of the company."

Dr. Shortt points out that in the transportation development of a district the greater earning power of the more frequented routes is needed as an offset against the outlying routes which in their earlier stages are not self-supporting. "It is, therefore, obvious," he says, "that if a competitive service such as the jitney comes in, especially during a period of financial depression and loss of population, and takes away a large section of the most profitable central traffic without relieving the street railway on a single mile of the unprofitable routes, it is destroying the capacity of the general transportation system to meet its obligations, while it upsets entirely the organization on which the street railway can alone meet the standard requirements."

The Plight of the Suburbs

Regarding non-supporting outlying routes, the report goes on to say: "In the case of such lines it might be said that the company * * * * might either take them up altogether or at least abandon them while the depression continued. Such suggestions, however, raise very fundamental questions, with reference to the obligations of public service corporations. The service of such corporations having once been established in response to the requests and needs of the citizens in outlying portions of modern civic centres, those who have provided themselves with permanent residences in full reliance upon the continuation of services which are of vital interest to them would have a very real grievance against any public utility corporation or municipal body which might lightly deprive them of such indispensable services."

Dr. Shortt further says: "This merely illustrates and emphasizes the fundamental principle in the treatment of modern public services that the area occupied by a common urban population clustering

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LETTER OF TRANSMITTAL

FROM THE

CITIZENS RESEARCH LEAGUE OF WINNIPEG

To the Citizens of Winnipeg, the City Government, and the Heads of Civic Departments:—

Owing to the similarity in many respects of present street transportation problems in Winnipeg and Vancouver, it has been thought well to prepare an uncolored abstract of the Commission Report recently issued upon conditions in the Coast city. The report embodies the findings of Dr. Adam Shortt who was appointed special commissioner by the B.C. Provincial Government at the joint instance of the City of Vancouver and the British Columbia Electric Railway Co.—"on the understanding that the British Columbia Electric Railway Co. and the City Council will abide by the decision arrived at by the Commission."

Dr. Shortt's reputation for thoroughness in investigation and fairness in judgment is so firmly established that his findings are of undoubted weight. For some twenty years he was professor of Political Economy at Queen's University and was afterwards, for almost ten years, head of the Dominion Civil Service Commission.

To Winnipeg citizens Dr. Shortt's report furnishes an interesting sequel to a report published some months ago on local transportation conditions by this League's Committee on Transportation, consisting of A. L. Crossin (chairman), C. D. Shepard, F. J. Baker, W. J. Christie, A. K. Godfrey and H. Webb.

S. R. TARR, President.
R. P. FARLEY, Secretary.

January, 1918.

around a common civic centre must be duly considered and safeguarded to the greatest possible extent."

Room for Only One Transportation System

It is clear, in Dr. Shortt's view, that there is only sufficient revenue available to maintain one successful system of transportation in Vancouver, so that of two competing systems only that one should survive which is the better able to meet the needs of a modern city population. The practical question therefore immediately arises: "Does or can the jitney furnish a cheaper, a more uniform, more adequate, reliable and responsible service than that of the existing street cars? If so, instead of being interfered with and suppressed, it should be given free course and encouragement, but if not * * since it is evident that the two systems cannot co-exist without the disappearance of the street railway * * it is plain that the general interest of the community requires the elimination of the jitney as a condition of retaining the existing transportation service, beyond at least the central and more densely populated areas. * * * If the jitney should not be a form of transportation which is able to take the place of the electric street car, but can only at best, even in such developments of it as are in sight, act as a supplementary form of transportation, then the alternative proposition recognized as such by the advocates of the jitneys must be accepted. Instead of the electric street car being sacrificed for the preservation and extension of the jitney, the jitney should be sacrificed for the preservation of an electric service in the best interests of the public. * * * Experience shows that neither the jitney nor the motor bus is seriously regarded as a practical alternative of the regular street car service."

Must Guarantee Continuous and Reliable Service

Any substitute for the street car system or any competitor with it should, like the latter, be required (1) to guarantee continuous and reliable service, (2) to give transfers and cheap tickets for workmen and school children on the same conditions as those granted by the street railway, (3) to make a contribution to the maintenance of the streets of equal proportion with that exacted from the street railway company, (4) to pay municipal and provincial taxes, (5) and to furnish satisfactory bonds against claims for accidents or damages. Obviously, the jitney service as at present conducted is quite incapable of fulfilling these conditions. Moreover, if some form of motor service should ultimately replace the electric trolley, as some argue, "it must be conducted," Dr. Shortt maintains, "either by responsible joint stock companies or municipal corporations. In either case the individual jitney * * * must be eliminated."

Dr. Shortt suggests that the citizens of Vancouver, even if municipal ownership were adopted, would be no more likely than those of Calgary and Edmonton (which have municipally-owned systems) to allow private competitors with nothing more at stake than a second-hand automobile to exploit without hindrance the best part of the traffic's revenue. Vancouver and Winnipeg are the only two Canadian cities which have not already practically eliminated jitney competition on their streets.

Seriousness of Investment Situation

The commissioner calls attention to the seriousness of the matter from the point of view of British investors if their investments (almost before the completion of the undertakings) should be doomed to practically complete loss. "Neither British investors nor those from any other quarter can be expected to take lightly the loss of their capital through bad faith, such as the illegitimate sacrifice of their interests as outsiders to inferior domestic claims because of local interests or sympathies. Nor can they be expected to submit calmly to the prospective scrapping of costly plants, after the capital invested in their construction has been absorbed in local expenditure, in order to make way for other prospective plants which will involve for a few years the expenditure of much new capital and thus procure a temporary return of good times. Nor will they appreciate the false kindness of any encouragement to continue at heavy annual loss a system of transportation or any other public utility which it is cheerfully declared in advance can never be restored to a payment basis, because the competing system which is the chief cause of its accumulating losses is destined to replace it."

Dr. Shortt strongly expresses his opinion that the majority of the people of the chief cities in British Columbia would not endorse unfair treatment of the company, and would not subscribe to the argument that it does not matter what investors in Great Britain may think of our treatment of them, because when the present war is over, supplies of capital will have to be sought in the United States.

The Alternatives Facing Vancouver

As it is impossible for the company even to meet its operating expenses (much less to pay dividends out of its depleted earnings), if free lance traffic is to be allowed to take the best part of the most easily obtained and most profitable revenues, Dr. Shortt gives as his view that "Either the jitneys in competition with the street cars must be eliminated and until more prosperous conditions return certain other changes and economies introduced; or the electric cars must either go out of business, or if forced to operate on a basis which will permit them to meet the competition of the jitneys, they must at least abandon the outlying and more unremunerative sections of their lines, reduce the frequency of service on others, discontinue all transfers, and exact a five-cent minimum fare for all persons, including children under twelve years, school children, workmen, etc."

As a general alternative, Vancouver might take over the city lines and conduct them as a municipal enterprise. But, as already pointed out, Dr. Shortt does not believe that in such case the city would long continue to allow jitney competition.

Public Ownership or Public Control?

If the alternative of municipal ownership were accepted, Dr. Shortt has some interesting comments to make on the situation which would arise. "It required many years," he says, "to convince the people of America that there were a number of very essential public utilities which could only be conducted in a manner in the long run satisfactory to all parties interested when they were treated in practice, as they were in point of necessity, as natural monopolies. So long as competition was believed to be the only feasible regulator of trade in a free community, the people of the United States and Canada squandered hundreds of millions of wealth in futile attempts to maintain competition in the same civic centres between rival waterworks, gas works, street railways, and, in their earlier days, telephone and electric service plants. * * * Two alternative avenues of escape were followed from the demonstrated futility of competitive paralysis. One is civic ownership and operation of indispensable utilities, and the other is private corporate ownership and operation subject to supervision in the public interest by a public utilities commission. These are both good when the civic administration is good, and when the public utilities commission is wisely selected. They are both bad when the opposite is the case. But even in the latter case they are very seldom so bad, at least in their permanent results, as under free competition."

As an alternative to unregulated competition, Dr. Shortt suggests the appointment by the British Columbia Provincial Government of a Public Utilities Commission, which should act as custodian of the rights of (a) the citizens who require the services of public utilities; (b) of the parties who undertake heavy risks and obligations in providing them.

The primary function of such a commission should be "by a constant accumulation and intelligent study of the facts to determine what is and what is not reasonable and justifiable criticism of the public utility services rendered by private corporations, and on the basis of this knowledge to require the maintenance of a fair and equitable standard of efficiency, such as it is possible and reasonable to afford, and to regulate the rates at which such services can be maintained."

(Reprinted from CANADIAN FINANCE)

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of Winnipeg

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TAXATION

W. H. Gardner (Chairman); F. W. Drewry; Prof. Clarke; Geo. Markle; W. J. Christie; A. M. Fraser; F. W. S. Crispo, C. D. Shepard, R. S. Ward and J. B. Hugg.

WATER AND SANITATION

H. Annis (Chairman); W. M. Scott; John Woodman and Wm. McPhail.

CITY CHARTER

J. B. Hugg (Chairman); H. A. Robson, K.C.; H. N. Baker; A. E. Darby; R. S. Ward; Wm. Pearson and W. R. Ingram.

ASSESSMENT

W. J. Christie (Chairman); Members to be Appointed.

TRANSPORTATION

A. L. Crossin (Chairman); C. D. Shepard; F. J. Baker; W. J. Christie; A. K. Godfrey and H. Webb.

Preceding Bulletins of League may be obtained from Secretary:

No. 1—Keeping Track of Citizens' Business.

No. 2—Bird's Eye View of City's Budget.

No. 3—Civic Assessment and Property Values.

No. 4—That $2,000,000 Fire Tax.

No. 5—Problem of Street Transportation.

No. 6—Your Forgotten $700,000 Pension Liability.

If you have received more than one copy of this bulletin, please hand it on to someone else.

If you are not already a member of the Citizens Research League, the Secretary will be glad to take the matter up with you if your name and address are sent to him on this blank.

NAME .....

ADDRESS .....

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Pol. Sci.

WINNIPEG AFFAIRS ARE *YOUR* AFFAIR

University of Illinois Libry,
Urbans, Ill. U.S.A.

JITNEY

OR

STREET CAR?

BULLETIN No. 7 *of*
THE CITIZENS RESEARCH LEAGUE
OF WINNIPEG

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WINNIPEG AFFAIRS ARE *YOUR* AFFAIR

A YEAR'S EFFORTS

BULLETIN No. 9 of
THE CITIZENS RESEARCH LEAGUE
OF WINNIPEG

Preceding Bulletins

of

The Citizens Research League

of Winnipeg

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No. 1—Keeping Track of Citizens' Business.
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No. 5—Problem of Street Transportation.
No. 6—Your Forgotten $700,000 Pension Liability.
No. 7—Jitney or Street Car?
No. 8—Has the Jitney a Place?

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If you are not already a member of the Citizens Research League, the Secretary will be glad to take the matter up with you if your name and address are sent to him on this blank to 47 Aikins Bldg.—or phone G3320.

NAME

ADDRESS

Business Phone No.

Second Annual Report

of

The Citizens Research League

of Winnipeg

Presented at Annual Meeting, February 28th, 1918.

IT will be remembered that, about eighteen months ago, the League issued its first bulletin which dealt with the City's method of accounting and urged an outside audit and financial survey. In the civic elections which followed soon afterwards a number of candidates made an outside audit a plank in their platform. The new Council, when elected, followed up the recommendations of the previous year's Board of Control and appointed a firm of chartered accountants to make such audit and survey. A report on the audit was made to the City Council towards the close of 1917 but has not yet been made public, the announced intention being to do so when the report on the survey is presented in the course of the next few weeks.

A Bird's Eye View of City Budget

A year ago this month the League issued its second bulletin entitled "Bird's-Eye View of the City's Budget." This gave special emphasis to the recommendations made in Bulletin No. 1 as to

(a) discussion of annual estimates through public hearings of citizens before final passing of the budget by the City Council;

(b) classification of such estimates according to the main functions of government, and in such form as to distinguish at a glance between controllable and uncontrollable expenditures.

Inauguration of Public Hearings at Civic Estimates

It is gratifying to note that the Board of Control and the City Council cordially accepted the League's suggestions in this connection and made the important step of inaugurating public budget hearings. It is to be hoped that a larger proportion of citizens will, in future, avail themselves of the opportunity of scrutinizing the details of proposed expenditures before these have been passed upon by Council. It is only fair to say that the action of the City Council has put Winnipeg well to the fore among American cities in the matter of budget procedure, and that some of the longest established and best organized Municipal Research Bureaus, though they have for some years been advocating the budget practice suggested and readily adopted in Winnipeg, have not yet succeeded in persuading their local city councils to accept it.

Assessment and Property Values

The third bulletin was on "Civic Assessment and Property Values." The past president, Mr. W. J. Christie, who was chiefly responsible for the bulletin, took an active part in the hearings before the Board of Valuation and Revision, and the opinions expressed in the League's bulletin coincided largely with the principles put into effect in the last reduction in assessment.

Fire Fighting and Prevention

The fourth bulletin, "That $2,000,000 Yearly Fire Tax," called attention to the fact that the official figures of Winnipeg's annual fire losses show a considerably higher per capita average than that of some 300 leading North American cities, and advocated the establishment of a Fire Prevention Bureau, the co-ordination of inspections, a more detailed system of records and reports, and a more systematic attempt to educate the general public in the importance of fire-prevention. This bulletin received favorable notice in the Monthly Letter of the National Fire Protection Association of Boston (U.S.A.), and the Western Canada Fire Underwriters' Association distributed 500 copies amongst their various agents throughout the Dominion. The Automatic Sprinklers' Association of America also ordered

500 copies, an order which could not be filled as the supply printed had proved unequal to the demand. It is to be regretted, however, that many of the recommendations made, though these had the support of experts within and without the City, still remain to be carried out.

Bulletin No. 5 was a preliminary report on the "City's Problem of Street Transportation," an important matter further dealt with in later bulletins.

The Civic Pension Problem

Bulletin No. 6, entitled "Your Forgotten Liability of $700,000 for Pensions," pointed out that a civic liability of over that amount has been incurred under the non-contributory plan for the police and civic employees generally. By way of constructive information to the citizens the Report set forth the recommendations of Professor Mackenzie of Toronto, for a contributory pension scheme based on sound actuarial principles. The services of Professor Mackenzie were engaged by the League to go more fully into certain points touched upon by him in his Report to the City, and the League was in this way able to be of some service to the Pension Committee of the Council in drafting its proposed pension by-law. As a step towards putting the new scheme into effect, the City applied at the present session of the Legislature for authority to submit a money by-law to the electors.

Newspaper display advertising was made use of by the League in featuring this bulletin. This policy, together with liberal space in the news and editorial columns of the city dailies, proved an effective means of arousing citizen interest in a matter generally overlooked for years.

Street Transportation Problem

Bulletin No. 7, entitled "Jitney or Street Car?", and Bulletin No. 8, "Has the Jitney a Place?" dealt further with matters of emergent importance to the City's transportation conditions. Editorial comments and numerous letters from citizens appearing in the correspondence columns of the dailies indicated that the League's publications played a part in bringing matters to a head. Members of the League also took a part in the public hearings which the City Council very properly held regarding this matter.

Possibility of Changed Form of City Government

The League was unable to take the part which it had hoped to take in the matter of revision of the City Charter during the past year, owing to the fact that promised public hearings were not held by the Legislature's Recess Committee appointed to revise and consolidate the Charter. The League's Charter Committee, however, did considerable work during the year and discussed a number of matters with the Legislative Committee of the City Council. Early in the present session representatives of the League and other citizen bodies appeared before the Municipal Sub-committee of the Law Amendments Committee of the Legislature and urged that in view of the non-holding of public hearings some special commission of a representative character be appointed to consider amendments to the charter within the present year, with particular reference to other forms and methods of city government; such commission to hold public hearings. It was also urged that a referendum should not be taken on the Board of Control until opportunity had been given for such commission to report. The League proffered its services, in the event of such commission being formed, in helping to gather detailed information as to the working of various forms of municipal government in other cities

While the Legislature did not take steps to have such a commission formed, it extended the time limit for the holding of the referendum from April 1st to October 1st evidently with a view to giving further opportunity for considering so important a civic problem as any change in governmental form. The League was requested by the Board of Trade will promptly address itself to the task of collating and publishing information as to different forms of government in vogue in other cities.

Co-operation with Civic Improvement League

During the year our League has had the co-operation of the Civic Improvement League, which rendered a valuable service in calling a meeting in the Industrial Bureau at which Research League Bulletins Nos. 1 and 2 were discussed by Sir Augustus Nanton and other public-spirited citizens. This meeting was one of the most largely attended ever held in Winnipeg with reference to civic affairs. Our League co-operated with the Civic Improvement League in carrying out the arrangements for the convention of the Civic Improvement Leagues of all Canada held in Winnipeg last summer. The programme and discussions at that gathering were of much educational importance to the entire West.

The City's Taxation Problem

Our League's Taxation Committee, under the able guidance of Professor A. B. Clark of Manitoba University, has been making a study of the income tax proposals of the City's Board of Valuation and Revision and their bearings on Winnipeg conditions. It is contemplated issuing an unbiased bulletin of information on Taxation matters in the near future, which it is hoped may be of some service in directing the attention of citizens to an intelligent consideration of this extremely important problem.

The Membership of the League

The present membership of the League stands at approximately one hundred, including sixty-seven Sustaining Members (three years, one Sustaining Member one year).

There have recently been a number of enquiries about active membership and of these a considerable number have already joined. It has not been possible for the secretary to devote much time to the work of increasing the membership, but it seems quite clear that a large number of Active Members could be obtained by judicious solicitation and that the list of Sustaining Members could also be increased. Unless the work of the League is to be hampered just at the point when it is beginning to tell, the question of adding to the membership should be faced at once.

Secretary Attends Good Government Conference

The Secretary's trip to Detroit in November last, to attend the annual conference on "Good Government" was an interesting and informing experience which elicited a number of facts worth recording here for the information of both supporters and critics. The conference was attended by representatives of the City Managers' Association, the National Municipal League, Research Bureaus, City Clubs and the Society for Training for Public Service. Careful attendance at the sessions of the various sections of the Conference and numerous informal discussions of common problems and difficulties left certain quite definite impressions, which may be thus summarized without exaggeration or unnecessary. The Winnipeg Citizens Research League has many obvious difficulties to contend with, but apparently no more than have other Research Bureaus in the United States. No Research Bureau in the States, even in cities smaller than ours, has so small an appropriation. Nevertheless in no other city where there is a Research Bureau and the fact is here gratefully acknowledged is there so ready a spirit of friendly co-operation and willingness to give full consideration to suggestions on the part of the City Hall officials. In no other city have the publications of the local bureau had more immediate effect. The secretary was assured by the fellow-workers whom he met at Detroit that our Winnipeg bulletins were read with very great interest by the staffs of the other bureaus. A specimen note of appreciation from the Director of the New York Bureau of Municipal Research may be here inserted.

> "Permit me to commend as being of exceptional interest your bulletin No. 7, entitled "Jitney or Street Car?" The quotations reprinted in it are so terse, readable and illuminating as to be the best presentation of the jitney bus problem I have encountered. Any organization which presents civic problems to the citizens in such a light is doing a highly commendable service."

No other bureau is in touch with so many sources of information by affiliation with organizations like the National Municipal League, etc.,) and by an outside exchange mailing list. Our local mailing list is relatively far larger than that in other cities south of the line and is actually larger than in several. The greatest difficulty elsewhere as with us, is the need for a more widely extended public spirit and sense of civic responsibility, but it is surely clear that a city which is capable of doing what Winnipeg has been doing under war-time conditions has immense resources both of intelligence and good will. It is to this fund of intelligence and good will that we once more confidently appeal.

S. R. TARR, President.

R. P. FARLEY, Secretary.

Treasurer's Report

Citizens Research League of Winnipeg

For Year Ending 31st December, 1917

Owing to the expenses of the League being light in its less active days before the appointment of a permanent secretary, only two calls of $25 each were made upon Seven sustaining members in 1916, and only three calls of $25 each in 1917 making five calls in all for a total of $125 from each member, and leaving three quarterly instalments totalling $75 per member as the amount accrued but uncalled at December 31st, 1917.

It was decided about the middle of the year, to make $25 calls each quarter upon sustaining members, and to draw on those whose calls were not paid within one month after due date. This more regular proceeding has resulted in marked improvement in the matter of payments, though it will be noted from the following summary that nine or ten of the 67 three-year sustaining members are neglecting to carry out with any degree of promptness their definite financial obligation to the League.

Of the 67 three-year and one one-year sustaining members

51	had paid up all calls (2 paid calls in advance aggregating $100).				
7	" " " 4 " —their arrears aggregating				$ 175.00
1	" " " 3 " — " " "				50.00
2	" " " 2 " — " " "				150.00
5	" " " 1 " — " " "				500.00
1	" " " nil " — " " "				125.00
1	(one-year member) has paid up nil " — " " "				100.00
17	members were in arrears at year-end for				$1,100.00

The auditors' statement shows $5,065 cash received from sustaining members and $140 from active members during the year, a total cash income of $5,025. Disbursements amounted to $4,188.76. Adding the cash margin of $1,016.24 to the $88.35 brought forward from 1946, there was cash on hand and in the bank at December 31st, 1917, amounting to $1,104.59.

The auditors give also a Revenue Account including the year's fees accrued but uncalled, as well as those actually called. This shows a revenue of $7,070, nominally applicable to the year, against which are debited expenses totalling $3,808.48. This leaves a margin of $3,261.52 to be added to previous year's accrued surplus of $4,280.92 making a book surplus of $7,542.44 at December 31st, 1917 (including, of course, all instalments which, while as yet uncalled, are payable as at the end of 1917 under the original terms of subscription agreement).

On the same basis of all accrued instalments, assets at the close of 1917 amounted to $7,607.94 consisting of cash, $1,104.59; fees receivable, $6,275; furniture, books and fixtures, $228.35. Liabilities at the year-end were only $65.50 for accounts payable, leaving accrued book surplus, as before mentioned, of $7,542.44.

Looking to the financial outlook for the year now entered upon, it is safe to estimate cash receipts of $6,000 or more from the four quarterly calls supplemented by fees from active members. On basis of present staff and office arrangements, the estimated expenses for the year are about as follows: Salaries, $3,200; rent, phone and insurance, etc., $450; auditors (2 years' payment), $100; books and journals, $200; printing and mailing reports, $1,200; newspaper advertising, $250; miscellaneous, $400. These items give a total of $5,500, being $500 inside estimated receipts. In view of the fact that the League has been publicly asked by the Board of Trade to devote itself particularly to studying and reporting upon forms of government in vogue in other cities, it is quite possible that some extra outlay may have to be considered in this connection by way of travelling expenses or for temporary outside assistance from experts. In this connection it is, therefore, encouraging that, in addition to the $500 estimated margin for the present year, there is over $1,000 cash available from last year.

The auditors' report and certified financial statements are available for examination by any member desirous of more detailed information than is here given.

GEO. N. JACKSON, Treasurer.

THE OBJECT OF THE CITIZENS RESEARCH LEAGUE OF WINNIPEG:

THE BETTERMENT OF MUNICIPAL AFFAIRS

(1) by systematic study of civic problems, by disseminating accurate information concerning them, and generally by promoting in a practical way, better civic, economic and social conditions;

(2) by co-operating with city officials in securing efficient administration of civic interests, and with other organizations which represent movements concerned with citizen welfare.

LEAGUE OFFICERS DURING PAST YEAR

Honorary President	H. A. ROBSON, K.C.
President	S. R. TARR
Vice President	W. T. KIRBY
Hon. Treasurer	GEO. N. JACKSON
Hon. Secretary	J. B. HUGG
Secretary	R. P. FARLEY

COMMITTEES DURING PAST YEAR

Executive—H. A. Robson, K.C.; S. R. Tarr; W. T. Kirby; G. N. Jackson; A. K. Godfrey; W. H. Gardner; W. R. Ingram; W. J. Christie; W. J. Bulman; F. W. S. Crispo; H. Annis; F. W. Drewry; E. Cass; R. S. Ward; J. B. Hugg; Geo. Markle.

Finance—A. K. Godfrey (*Chairman*); Geo. N. Jackson; W. T. Kirby.

Civic Finance and Audit—S. R. Tarr (*Chairman*); F. E. Martin; H. S. Seaman; D. B. Harkness; A. K. Godfrey; C. C. Ferguson; A. L. Crossin.

Taxation—W. H. Gardner (*Chairman*); F. W. Drewry; Prof. Clark; Geo. Markle; W. J. Christie; A. M. Fraser; F. W. S. Crispo; C. D. Shepard; R. S. Ward; J. B. Hugg.

Water and Sanitation—H. Annis (*Chairman*); W. M. Scott; John Woodman; Wm. McPhail.

City Charter—J. B. Hugg (*Chairman*); H. A. Robson, K.C.; H. N. Baker; A. E. Darby; R. S. Ward; Wm. Pearson; W. R. Ingram.

Assessment—W. J. Christie (*Chairman*).

Transportation—A. L. Crossin (*Chairman*); C. D. Shepard; F. Baker; W. J. Christie; A. K. Godfrey; H. Webb.

OFFICERS FOR 1918

Honorary President	W. T. KIRBY
President	S. R. TARR
Vice-President	A. K. GODFREY
Treasurer	GEO. N. JACKSON
Secretary	R. P. FARLEY

47 Aikens Bldg. - Phone Garry 3320

EXECUTIVE COMMITTEE FOR 1918

S. R. Tarr (*Chairman*); E. Cass; Prof. A. B. Clark; A. L. Crossin; A. K. Godfrey; Dr. J. Halpenny; Geo. N. Jackson; W. T. Kirby; C. D. Shepard.

(Other Committee appointments will be made by the Executive at an early date)

If you are not already a member of the Citizens Research League, the Secretary will be glad to take the matter up with you if your name and address are sent to him on this blank at 47 Aikins Building or phone G 3320.

NAME

ADDRESS

Business Phone No.

WINNIPEG AFFAIRS ARE *YOUR* AFFAIR

University of Illinois Lbry.
Urbana, Ill.

A YEAR'S EFFORTS

BULLETIN No. 9 *of*
THE CITIZENS RESEARCH LEAGUE
OF WINNIPEG

52.0712
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Pol. Sci.

WINNIPEG AFFAIRS ARE *YOUR* AFFAIR

Suggested Plan for a Reorganized

BOARD of TRADE

and Civics

BULLETIN No. 10 *of*
THE CITIZENS RESEARCH LEAGUE
OF WINNIPEG

FROM THE

CITIZENS RESEARCH LEAGUE OF WINNIPEG

TO THE CITIZENS OF WINNIPEG—

At the request of a committee representing the Winnipeg Board of Trade, the Winnipeg Industrial Bureau and other interested bodies, the Citizens Research League undertook to make a study of the possibility of a reorganization of the Board of Trade.

The aim in view was to constitute it a comprehensive citizen body, including in its membership that of the present Board of Trade, Industrial Bureau, Civic Improvement League, and Citizens Research League, and also the membership of such bodies (some of which are local branches of national organizations) as the Real Estate Exchange, Wholesale Implements Association, Canadian Credit Men's Association, Retail Merchants' Association, Printers' Board of Trade, Motor Trades Association, Sales Managers' Association, Commercial Travellers' Association, Building Owners' and Managers' Association, Builders' Exchange, Canadian Manufacturers' Association, Institute of Chartered Accountants, Canadian Bankers' Association, Life Underwriters' Association, Western Canada Fire Underwriters' Association, Mortgage Loans Association, Retail Lumbermen's Association, North-West Grain Dealers' Association, Architects' Association and any other bodies working for commercial, industrial and community progress; due provision to be made for including in the Board's membership those in the ranks of organized labor and of the professions (educational, medical, ministerial, legal, etc.) and, in fact, public-spirited citizens of any occupation or class—not overlooking Winnipeg officials of agricultural bodies.

The League's Secretary has recently visited or communicated with leading commercial and civic bodies in Canada and the United States, and the tentative plan herein outlined for Winnipeg has taken into account the practical working of a large number of associations, though its details (which are of course subject to modification) do not follow exactly those of any one of them—the effort having been made to adapt methods to local needs and conditions.

The League is especially indebted to Dr. W. J. Donald, of the American City Bureau, New York, (himself a Canadian), and to Mr. Howard Strong, President of the National Association of Commercial Organization Secretaries, Minneapolis, for valued suggestions and no less valued criticisms.

It is purposod to supplement this preliminary report by collecting detailed informarion as to number of members, amount of income, liabilities, etc., of various organizations whose memship might be covered by the Board of Trade and Civics; also estimated income, expenditure, etc., of the reorganized body. Information and suggestions from citizens generally will be welcomed.

S. R. TARR, President.

April, 1918. R. P. FARLEY, Secretary.

Tentative Suggestions for Reorganized

WINNIPEG BOARD OF TRADE AND CIVICS

REPRESENTATIVE business men and citizens generally recognize the desirability of one comprehensive Winnipeg organization commensurate with the growing importance of the city and province, and capable of working actively and unitedly for business and community progress. Much activity is now directed to these ends, but owing to the large number of unrelated agencies there is an immense waste of time, energy and money, and a consequent loss of general effectiveness through overlapping or needless competition. Membership in several bodies, which have scarcely sufficient reason for separate existence, often entails waste effort. As one example of lost motion, individuals frequently receive from three to six communications relative to the same matter from different associations. Lastly, the community suffers by the expenditure of effort which is merely sectional, and from the fact that the average citizen has not yet been brought to realize sufficiently his personal responsibility for the development of the whole.

The Benefits of Co-ordination

The benefits of co-ordination would be immediate and obvious. The multiplicity of membership fees and consequent expense to individuals would be lessened by the organization of one strong body efficiently managed and with departmental activities. A large saving would be effected in overhead charges alone. But more important, though less obvious, results would be achieved in the near future. Centralized effort along community lines would have beneficial consequences, such as could never be brought about by uncoordinated sectional activities. Organization and co-ordination of the kind here suggested

(1) would make it possible to co-operate more fully with the government in utilizing all energies and resources for winning the war and in making preparation for the difficult period of reconstruction;

(2) would more effectively meet the urgent need of economy, public and private, and assist to increased production in manufacturing, mining and agriculture;

(3) would help mobilize the services of the best available leadership in education, science, agriculture, mining, commerce and industry for the systematic development of the community;

(4) would make it possible to undertake definite programs of work, not only for the city at large, but for the various interests represented;

(5) would make a very much larger number of people feel themselves responsible for community progress.

Revised Ideas and Methods of Organization

The war has tended to destroy many old ideas, amongst others sectionalism and unrestrained individualism. In Great Britain the government-appointed committees on reconstruction have emphatically recommended large schemes of co-operation that will cover every department of the national life. In all directions in the United States old Chambers of Commerce have become revivified with the new idea of association for community ends, and in many places too numerous to mention commercial organizations are being formed or re-constituted with definitely civic and community purposes. "The chief purpose of a commercial organization," says the Philadelphia Chamber of Commerce, "is to exert an influence towards directing the thoughts of the business men of a city into a common channel for the general good of the community." So widespread is this idea that agencies have come into existence which devote themselves to conducting (with an avowedly civic purpose) reorganization campaigns for Chambers of Commerce and similar bodies.

The American City Bureau

Of these the most successful is the American City Bureau, which claims to have organized upwards of 75 Chambers of Commerce. The plan of the Bureau is to carry on rapid fire educational campaigns appealing for membership on an individual and democratic basis. The membership fee (subscribers are asked to pledge themselves to contribute for three years) is twenty-five dollars for single memberships. Some individuals and concerns are expected to subscribe for a number of memberships. "This number depends on the benefits to be expected, the financial standing of the prospect and his degree of civic patriotism. . . . . Concerns that hold several memberships assign their extra memberships to their officials, principal employees or others. This provides more workers." The Bureau looks upon general community problems as more important than any sectional or trade problem, and therefore rejects the idea of a mere federation of existing organizations, though in some instances there has been later creation of subsections for the con-

sideration of the interests of special groups. The following are some of the results in membership enrolment and income at the end of campaigns organized by the Bureau:

Name of Organization	Population of City	Membership Secured	Annual Income Guaranteed (3 years)
Toledo Commerce Club	168,497	3,782	$94,550
Patterson (N.J.) Ch. of Commerce	125,600	800	20,000
Oklahoma City Ch. of Commerce	64,205	1,637	40,925
Jamestown (N.Y.) Ch. of Commerce	31,297	822	20,550

Mr. Howard Strong's View

Mr. Howard Strong, the President of the National Association of Commercial Organization Secretaries, and Secretary of the Minneapolis Civic and Commerce Association, (known as one of the ablest secretaries in the States), writes as follows in reference to a preliminary outline of a plan for Winnipeg submitted to him by the Citizens Research League:

"I prefer the approach which is recommended by the American City Bureau because it emphasizes in the first place the thing which should be emphasized—that is the community interest, rather than that of any section or sections." Mr. Strong further states, however: "I have never seen any serious objection to the section plan provided the general organization is supreme in its authority and the interests of the whole community as represented by the general organization are kept constantly to the front.

"I can conceive of the success of the suggestion which you make—'a re-organized Board of Trade, with some provision for the different trade organizations to meet and deliberate separately on matters relating to their own particular interests'—provided you are able to keep the general community interest supreme; but to my mind the general amalgamation in one compact body, with a later absorption of special interest bodies and special provision for their activities within the larger circle, will be more certain to maintain the relationship which must exist between the general and special interests."

Outlines of Suggested Scheme of Organization for Winnipeg

The desirability and, indeed, the necessity of building up an organization representative of all classes, interests and useful activities in the community have already been emphasized. The present war-time spirit of co-operation will be no less needed to meet the difficult period of reconstruction. Every class and every individual in the community can contribute something useful in common service. The Citizens Research League gratefully acknowledges the valuable help it has received from Labor men on its committees and strongly suggests, particularly in view of the period of reconstruction, the desirability of having representatives of the various Labor Unions amongst the membership. This would give opportunity for organized Labor as such to be represented on the governing body and committees, etc., of the new organization. Similarly, representatives of all professions and Winnipeg officials of agricultural organizations should find a place in the reorganized Board.

Basis of Membership

Membership should be on a personal basis with fee of $25 per annum—if possible pledged for three years. Firms and corporations should be invited to nominate for election to the Board as many of their members or staff as will ensure participation in the Board's activities and subscriptions to its working funds commensurate with their interest in the affairs and in the development of the city. Voting should be on the basis of one vote for each individual member. For example, a large wholesale firm might nominate for membership its executive officers and also heads of departments (the firm as such paying the fees).

Officers

It is suggested that the officers should be:

(1) A President, Vice-President and Treasurer—to be chosen by popular election, in a manner calculated to create and keep alive the interest of the general body of members.

(2) A Secretary to be appointed by Council.

Terms of office to be for one year, the officers to be ex-officio members of Council and Executive.

It is highly desirable to extend as widely as possible the opportunity of election to office and gradually to accustom the younger members to assume responsibility. Certain societies like the Rotary Club and Kiwanis Club owe a great measure of their recognized success to their consistent policy of keeping as large a number as possible of their members actively interested.

Council

It is suggested that the Council be constituted as follows:

(1) At the first annual election twenty members of the Council, other than officers, shall be elected. Immediately after their election the twenty members so elected shall be divided by lot into two classes of ten each. Those who fall into the first class shall serve

for a term of two years and those in the second class for one year. At each subsequent annual election ten members of the Council shall be chosen whose term of office shall be two years.

(2) The Chairmen of all Sections, Bureaus and Standing Committees hereafter referred to shall ex-officio be members of the Council.

A large and representative advisory body (sometimes called a Members' Council) is an auxiliary feature which, under one name or another, has been established in a number of civic bodies across the line and has been accepted by the re-organized Vancouver Board of Trade. In the case of Winnipeg, however, it was thought that over-abundance of organization might be avoided by making the Council as above suggested sufficiently large and representative for all advisory purposes by including in it the Chairmen of all Sections, Bureaus and Standing Committees. In addition to being the formal governing body of the Board, it is purposed that the Council would, in its general advisory capacity, bring up and present for discussion by the membership matters to be dealt with in the interest either of the community in general or of any section of it.

It is further suggested that it arrange meetings at regular intervals where short talks by representative people on live issues and current problems would be given, in order to stimulate and keep alive an intelligent public interest in all matters affecting the general welfare.

In some United States cities good results have been obtained by arranging meetings especially for younger members with a view to enlisting their interest in public affairs or of affording them instruction in matters affecting their own callings or professions.

Executive Committee

There shall be an Executive Committee of five, consisting of the President, Vice-President, Treasurer, the immediate Past President, and one other member to be chosen by and from the Council. It shall be the duty of the Executive to carry out the details of the Council's administrative policy.

Board Committees

Standing Committees and other special committees would deal with matters relating to the routine of the Board as a whole, and possibly with certain public matters not of sufficient scope or importance to be dealt with by the larger Bureau method, to be later explained.

All such committees should be appointed by the Council. Among the committees suggested are: Finance, Membership, Publicity, Convention and Entertainment, Postal and Customs, Exhibits and Privileges (as in present Industrial Bureau), etc.

All committees, whether of the Board as a whole or of the various Bureaus and Sections, should be used as an opportunity of introducing the less experienced members to active and responsible work.

Board Bureaus

It is suggested that activities relating to affairs of general interest be carried on through Bureaus, the personnel of which would be chosen by the Council from the membership at large, with special reference to qualifications and willingness for specified lines of work. In addition to those appointed to the Bureaus and as such being voting members thereof, any member of the Board would have the right to associate himself with and attend Bureau meetings. Bureaus would have chairmen and, if necessary, sub-committees, and would have power to invite to their consulting and working (but not voting) membership any qualified persons outside the membership of the Board. Bureaus should report to the Council for consideration and approval any proposed public finding or contemplated action. Funds for the special work of any Bureau should be granted from the general funds of the Board, preferably in accordance with some systematic budget system.

Among the Bureaus instituted might be the following: Industrial Research, War Work, Trade Expansion, Housing and Town-Planning, Public Affairs and Legislation, Natural Resources, Insurance, Education, Fine Arts, Agricultural Development, Industrial Relations, etc.

Board Sections

(1) It is suggested that members who desire to be associated together as a group for the purpose of promoting more effectively the particular business or other activity in which they are interested may form a Section of the Board.

(2) The desire to form any section should be communicated to the Executive in a petition signed by not less than 25 members, and if the Executive approve of the formation of such a section, the Secretary would issue a call for a meeting of all members likely to be interested therein.

(3) If two-thirds of those called favor the formation of such a section, this fact shall be reported in writing to the Executive, who shall issue a certificate of organization, bearing the seal of the Board and the signature of the President and Secretary, but such certificate shall not be issued until the Executive shall have approved the purposes of such section and the regulations which it may adopt.

The above rules, with slight verbal alterations, are taken from the By-laws of the Minneapolis Civic and Commerce Association (Article VII, Sections 1, 2, 3). The remaining sections (4-10) are also quoted by way of information.

Sec. 4. The governing body of any section of the Association shall be termed a Section Executive Committee.

Sec. 5. A Section of the Minneapolis Civic and Commerce Association may adopt such regulations as it may consider necessary for its conduct, but no regulation shall be adopted by any Section which shall in any way conflict with the purposes and objects of the Association as set forth in its charter or by-laws.

Sec. 6. No Section of this Association nor any representative thereof shall contract any debt in its behalf, over and above the budget allowed such Section by the Board of Directors, which shall in any manner or to any extent render the Association liable for the payment of any sum, unless such sum shall have been previously approved by the Board of Directors or the Executive Committee.

Sec. 7. No resolution or action of any Section shall be binding upon or representative of the sense of the Minneapolis Civic and Commerce Association, except under express authority granted by the Board of Directors.

Sec. 8. Any Section of this Association may be dissolved by the Directors upon petition of said Section at a meeting called for the purpose of considering such dissolution.

Sec. 9. Any Section shall be suspended or dissolved by the Board of Directors for any action contrary to the charter or by-laws of the Association.

Sec. 10. All Sections of the Association shall submit reports of their actions and condition to the Directors of the Association upon request.

Provision for Membership in More than One Section

It may be expected that the creation of such sections would obviate the separate necessity for the continuance of many of the different bodies detailed in the letter of transmittal. There would also be Sections corresponding to the existing Shippers' Section, Produce Section, etc., of the Board of Trade.

If a Civics Section were formed to take over the work at present performed by the Civic Improvement League and the Citizens Research League, it is to be hoped that many members of all the other sections would join it also, there being no limit upon the number of sections to which any member might belong. On the other hand it should be distinctly understood that a member who did not wish to join any particular section would have the same voting and other privileges in the Board, and the same part in the work of the Board as a whole, as a member who joined any one or more sections.

With regard to matters relating to their own particular interests sections might have their own Chairmen and internal executive and a considerable degree of automony, including the right to levy assessments, or fees for special work or activities, or upkeep of any section staff additional to the general Board organization.

Any section desiring to take action or make pronouncement on matters affecting general public interests would be required to report to the Council, so that the proposal might have general discussion. If, however, the Board as an organization were not prepared to back the proposal, the Section would have the privilege on its own account of taking action or making pronouncement, **providing it be clearly and distinctly stated that such action or pronouncement is by the Section and not by the Board as a whole.**

Club Features in Other Cities

There is a growing feeling in many cities that the right kind of atmosphere for an enterprise of the kind above suggested can best be fostered by frequent meetings, informal as well as formal, of the members. Many Chambers of Commerce across the line have regular lunch meetings at which addresses on topics of interest, whether civic, business or other, are given. In a number of cities there are large and successful City Clubs which play an important part in fostering a desirable public spirit. The Brooklyn Chamber of Commerce has recently amalgamated with the Brooklyn City Club with most gratifying results. Club facilities, by keeping members together and promoting mutual acquaintance, have frequently put new life into an organization.

The Toronto Board of Trade has had attractive club quarters for some years. An interesting Western example of what can be done in this direction is the case of the Calgary Board of Trade. This body, which admittedly had been suffering from a falling off of interest, reorganized in 1916—increasing its annual fees, but offering its members luncheon and other club facilities in addition to former advantages. The membership increased two and one-half fold, despite the fact that annual fees were increased from $10 for retailers and $20 for wholesalers to a general level of $25. The total membership is now upward of 500 and the Board's finances are reported as being in excellent shape. Its quarters are now recognized as a general civic centre, from which Red Cross, Y.M.C.A. and other campaigns are organized. Further study of the methods employed at Toronto and Calgary would be of great advantage if the scheme of reorganization above suggested should meet with approval.

The Desirability of Co-operation with Outside Agencies

The urgent need for organizing all the energies and resources of the city for present common duty and future development cannot be gainsaid. It is also, however, in the

highest degree desirable that there should be the greatest possible co-operation between Winnipeg and other parts of the province and the Dominion—for the following, among other reasons:

(1) Winnipeg's chief activity at present is to act as a distributing centre. Co-operation over a wider area than the city is, therefore, needed on commercial grounds.

(2) The desirability of starting suitable new industries is recognized. One obvious way of doing this is to develop the vast and largely untouched natural resources of the province itself. Large quantities of raw material could thus be obtained near home and, therefore, more cheaply than from outside.

(3) The science side of the University (which is strong and well equipped for the purpose) ought to be utilized and strengthened with the aim of developing the unexploited resources of the province.

(4) The City's dependence upon the basic industry of farming calls for closer co-operation with agricultural interests.

(5) The inter-relation of civic, provincial and national welfare and progress calls for broad co-operation in solving community problems, social as well as economic.

The Time is Ripe for Co-operation

There are evidences that the great body of Winnipeg's citizens are only waiting for leadership with the objective of united work for their city. The recent campaigns for Victory Bonds and Red Cross have been a magnificent proof what Winnipeg can do for worthy objects, and there can be no doubt that the fund of good will and readiness to serve which made those campaigns so conspicuously successful can be drawn upon indefinitely if due cause is shown. A reorganized Board of Trade and Civics would seem to promise a means for securing increased and united activity for community ends.

CITIZENS RESEARCH LEAGUE OF WINNIPEG

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No. 9—A Year's Effort. (Annual Report of League for 1917).

If you receive more than one copy of this Bulletin, please hand it on to someone else.

If you are not already a member of the Citizens Research League, the Secretary will be glad to take the matter up with you if your name and address are sent to him on this blank to 47 Aikins Bldg.—or phone G3320.

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Suggested Plan for a Reorganized

BOARD of TRADE

and Civics

BULLETIN No. 10 *of*

THE CITIZENS RESEARCH LEAGUE

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WINNIPEG AFFAIRS
ARE *YOUR* AFFAIR

YOUR TAX PROBLEM ?

BULLETIN No. 11 *of*
CITIZENS RESEARCH LEAGUE
OF WINNIPEG

FROM THE

Citizens Research League of Winnipeg

TO THE CITIZENS OF WINNIPEG, THE CITY GOVERNMENT AND THE HEADS OF CIVIC DEPARTMENTS:

Some months ago the Winnipeg City Council passed the following resolution:

"RESOLVED—That the Council affirm that the taxation of the City should be raised in the following manner:

"First:—For specific City purposes, including all direct and public service, by the present method of taxation of real estate, business tax, licenses, special franchises, etc.; the basis of the Business Tax as a tax to be subject to further consideration and revision.

"Second:—That the method of raising the taxes for essentially Provincial or General purposes should be on the basis of ability to pay, which, in the Province of Manitoba, is the principle of the Income Tax."

The attention of the Manitoba Government was drawn to the foregoing by a civic delegation which urged the appointment of a recess committee (representing the city and provincial governments and the public generally) to make careful study of the whole matter with a view to possible action at the next session of the Legislature.

The accompanying address on "Local Taxation" was delivered by Professor Arch. B. Clark, M.A., of the University of Manitoba, at the largely attended annual meeting of the Citizens Research League, February 28th, 1918. **The views expressed are those of Professor Clark personally, and in printing them the League does not go on record as necessarily adopting them.** It was felt, however, that their publication would form a valuable contribution to intelligent consideration of the problem.

April, 1918.

S. R. TARR, President.
R. P. FARLEY, Secretary.

Preceding Bulletins of League may be obtained from Secretary:

No. 1, Keeping Track of Citizens' Business; No. 2, Bird's Eye View of City's Budget; No. 3, Civic Assessment and Property Values; No. 4, That $2,000,000 Fire Tax; No. 5, Problem of Street Transportation; No. 6, Your forgotten $700,000 Pension Liability; No. 7, Jitney or Street Car?; No. 8, Has the Jitney a Place?; No. 9, A Year's Efforts (Annual Report of League); No. 10, Plan for Reorganized Board of Trade and Civics.

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Local Taxation—The Problem in Winnipeg

The Argument for a Provincial Income Tax

BY

Professor ARCH. B. CLARK, M.A., F.S.S.,
University of Manitoba
Fellow of the Royal Economic Society

(An Address delivered at the Annual Meeting and Dinner of the Winnipeg Citizens Research League at the Royal Alexandra Hotel, 28th February, 1918)

THE system of taxation in operation in Winnipeg has now for many months been the subject of discussion, with a view to its revision. Indeed, it was as long ago as the 16th October, 1916, that the City Council, responsive to public opinion, requested the Board of Valuation and Revision to consider the whole tax system of the City, and, to that end, to hold a public inquest, and collect information on methods of taxation which might be deemed suitable for adoption in the City of Winnipeg.

The Report of the Board of Valuation and Revision

Of that inquest the outcome, so far, has been the "Report" of the Board published early last July (1917). It is undoubtedly an able document and one deserving of careful study, and it has in fact already been, by most of us, read with interest and with profit, by reason of its clear and accurate diagnosis of the disease at present unhappily afflicting our civic revenue system, even though the prescription it recommends has not met with general approval. The prescription in question, as probably everybody here knows, is the substitution for the existing Business Tax, on a "rental value" basis, of an "Income Tax" on all incomes originating within the City.

Is a City Income Tax Feasible?

Now, many of us, while looking to the institution of some form of income tax as affording the most likely solution of the present problem, have from the first been frankly more than doubtful of the success of any such scheme as that outlined in the "Report." We have never believed that a purely City Income Tax of any kind, standing alone, could possibly succeed. And in a memorandum submitted at a public session of the Board of Valuation and Revision in November, 1916, I stated what appeared to me strong objections to such a tax—objections resulting from the fact that the basis of income, under modern conditions, is not local, not even provincial, but national, or, it may be, international. From this it follows that an income tax is, other things equal, more likely to prove successful in proportion as its basis is widened.

Professor Seligman's Scheme

But in the memorandum already mentioned I pointed out that the objections to a local income tax could be to a great extent overcome if, as Professor Seligman has suggested,*

* "National Tax Association: Proceedings of 1915 Conference," 135-45.

it were made a supplement to a Provincial or Dominion income tax, neither of which, by the way, at that time existed. The returns made for the purpose of the Dominion income tax assessment would simply be duplicated for the purpose of the City income tax. The City could then levy its own tax, its officials having access to the Dominion returns. Moreover, there would be this resulting advantage, that the co-operation of the City and Dominion officials in securing the accuracy of the returns would materially tend to lessen evasion, and so increase the productiveness of the tax. There would naturally be some variations from the Dominion tax. There would, for example, be no reason for allowing exemption, in the case of the City tax, to quite the same extent as in the Dominion tax, where a rather high exemption limit is required in order to balance the Customs and Excise duties, which fall heavily on consumers with small incomes.

Under a system such as this, the tax could be levied not only on the recipient but on the source of income, not only on the income of residents but on all income which originates within the City and is received by non-residents. This is naturally an important consideration in the case of a City like Winnipeg, where a considerable proportion of the income originating in the City is paid over to non-residents. It may be objected that this would lead to double taxation, since a man having his business in one city, and his residence in another, might be taxed in both on the same income. But this double taxation could be avoided by a decision of the Dominion Courts as to the proportion of income which should be assigned for taxation purposes to place of residence and place of source respectively. Further, both the place of legal residence and that of the origin of the income would have to be shown in the Dominion returns.

This then is the essence of Seligman's scheme for a local income tax, formulated with special reference to New York City; and it seemed for us in Winnipeg to represent one possible line of development.

Scheme of the Board of Valuation and Revision

But the Board of Valuation and Revision, in their "Report," took, as we have seen, quite another line. They proposed to broaden the basis of taxation by introducing what they styled an "Income Tax," but what was in reality a tax upon a part of income—a tax on rent, interest, and earnings arising within the City—known to students of public finance as a partial produce tax.* An income tax is generally understood to mean a tax which bears some relation to the whole net income of the taxpayer, from whatever source arising—a tax proportional to ability to pay. It may not, it is true, be levied on the whole net income; parts of that income being reached by other taxes, levied perhaps on a capital basis, as in Massachusetts; or reached, as in the case of wage earners' incomes, by means of taxes on commodities. But if employed, as it invariably is, in supplement of other taxes, which inevitably in the long run come out of somebody's income, the object of a direct income tax should surely be, having due regard to productiveness, to make the whole burden of taxation as nearly as possible proportional to the ability or faculty of the taxpayer. A tax confined to the part of income arising within the City, would clearly, however, have no necessary relation to ability to pay; and, while "a rose by any other name would smell as sweet," it is only natural that a partial produce tax, masquerading in the guise of an income tax, should have failed to commend itself to either the Council or the citizens.

* See Bastable, **Public Finance,** 395; Seligman, **Income Tax,** 13-15, 384-7

Recent Proposals of the Assessment Commissioner

A keener appreciation of what is at once practicable and equitable is, I think, shown in a proposal recently submitted to the City Council by the Assessment Commissioner, Mr. Donley, to substitute for the present Business Tax, on the basis of rental value, a business tax upon the net profits of businesses controlled, conducted and carried on within the City. Net profits is certainly a much more reliable index of the taxpayer's liability—whether determined on the basis of "ability to pay" or of "benefits received"—than is the annual rental of the premises occupied.

Mr. Donley's further proposal of a personal income tax on all the income received by residents, also represents an advance on the earlier scheme by which only income originating within the City was to be taxed. But this revised scheme is still open to several serious objections. A city tax standing alone can provide no effective means of checking the returns made by the taxpayers. Thus, even if we admit that not all men are liars, it is clear that the system would put such a strain on the honesty of many that the tax would quickly become inequitable; for through evasion much of the income would escape tax-free, and the burden on the conscientious would be unduly increased. Again, a tax confined to residents would allow much income which originates in the City and is received by non-residents, to escape altogether. And, finally, it would give a strong inducement to many people to take up their residence in neighbouring municipalities outside the City limits.

Action by the City Council

But the whole outlook has been altered, and the issue at last clearly defined, by the resolution recently adopted by the City Council and submitted by them to the Provincial Government. The resolution is as follows: "That the Council affirm that the taxation of the City should be raised in the following manner:

"First: For specific City purposes, including all direct and public service, by the present method of taxation of real estate, business tax, licenses, special franchises, etc.; the basis of the business tax as a tax to be subject to further consideration and revision.

"Second: That the method of raising the taxes for essentially provincial or general purposes should be on the basis of ability to pay, which, in the Province of Manitoba, is the principle of Income Tax."

The Council in this resolution has put itself, broadly speaking, in line with the general movement of tax reform on this continent at the present day; for the tendency in the States to the south unmistakably is towards a system which combines taxation of income with taxation of real estate, or even tangible property both real and personal, on its capital value.

General and Specific Services—Ability and Benefit as Bases of Taxation

There is an obvious and admitted distinction between public services of a **general** or national character and those which exclusively or mainly concern the inhabitants of the locality.

The benefit of the **first** class to individuals cannot be measured in money, and should therefore be provided for by the imposition of taxes in their nature **onerous** to the local taxpayer. Such services are education, poor-relief, police, and the administration of justice. These duties are assigned to the local government, not to secure a just distribution of the burden, but for the sake of more effective and economical management and supervision, or to obtain the variety and flexibility required to meet differing local conditions. For such burdens, too, taxation in proportion to faculty or ability to pay is the recognized ideal.

This, in Manitoba, will, I am convinced, be found to mean a Provincial Income Tax—possibly though not necessarily of the same type as the Wisconsin Income Tax, which, while assessed and collected by the State Tax Commission, is not a State income tax in the sense that it is applied to State purposes. On the contrary, of the money raised by it, 70 per cent. goes to the local taxing unit—city, town, or village—where it was collected, 20 per cent. to the county, and the remaining 10 per cent. to the State. This 10 per cent. was meant to cover the cost of administration but it very much more than does so. On the basis of actual cash collections, the cost of administration is less than 3 per cent., and the State has thus a net balance of between 7 and 8 per cent. It is one of the least expensive direct taxes. This, however, is a digression.

To return to the second group of services already mentioned—It includes services preponderantly local in character, or, as they may be called, **specific** services, which confer upon the local taxpayers a direct and peculiar benefit, more or less commensurate with the burden they involve. These services are properly provided for by what are technically known as **beneficial** taxes, as contrasted with the **onerous** or burdensome taxes already described. In the case of a beneficial tax, the tax is payment for benefit received, such as water supply, fire protection, public lighting, cleaning, drainage, provision of streets and sidewalks, or public parks. For these and similar services, the benefit basis, or **quid pro quo** basis, of taxation, is the sound one; and, as such, it is applied in our present taxes on real estate, business, special franchises, and in licenses.

There is, it is true, no hard and fast line of division between the two classes of services. But this is a common difficulty of classification in dealing with economic problems. We are always meeting with perplexing marginal cases. That, however, does not invalidate the distinction. We define, as distinct conceptions, labour, capital, and land; wages, interest, and rent. But where exactly are the dividing lines to be drawn? What, for example, are we to say of the skilled workman? Can we classify him as exclusively a labourer earning wages, and shut our eyes to the fact that he is also a capitalist receiving interest on his personal capital in the shape of acquired skill, and perhaps also, if he is a man of genius, receiving rent of his rare natural ability? So again, we distinguish between income and capital. But there is no sharp dividing line, for the one is continually being converted into the other. These, however, are but illustrations of what Marshall has called the principle of continuity in economic conceptions. They shade into one another by insensible gradations. A distinction may be real and quite useful, though it is impossible to draw rigid lines of division where nature has made none.

There is then, to resume, a valid and useful distinction between general and specific services, onerous and beneficial taxes.

So far as local expenditure is directed to purposes resulting in definite specific benefit, the tax on land and houses is a good rough approximation to taxation in proportion to benefit received—though, incidentally, I may confess to a personal preference for the British system of taxation on annual value or rent, as against the system which prevails on this continent of taxation on capital value. But, so far, as the benefit test is inapplicable, and it is necessary to have recourse to the ultimate test of ability to pay, it seems desirable to supplement taxes on real estate by taxation raised from some different source or sources.

The Movement Towards the State Income Tax

Now, the direct taxation of intangible personalty for local purposes by local authorities, is, as experience shows, both uncertain and difficult. This indeed has been the cause of the

general breakdown of personal property taxes, and, incidentally, one of the leading causes of the movement towards the State income tax.

The sentiment in favour of the State income tax has grown rapidly in the United States within recent years; and the adoption of the income tax by the different States has been recommended by the leading American authorities on public finance, including Professor Seligman, of Columbia University, till recently its foremost and most weighty opponent; Professor Bullock of Harvard; and Professor Plehn of California, also a former opponent. The State income tax has been adopted by Wisconsin, Massachusetts, Connecticut, West Virginia, Oklahoma, Mississippi, Nebraska, North Carolina, and South Carolina; and it has been recommended by the Committee on Taxation for New York, and by the State Tax Commission for California.

Central Control Essential to Success

It is true that in many of these States experience of the income tax has not been encouraging. In Virginia, for example, where it has been in operation for a very long period, it can only be described as a very limited success. The reason, however, for this partial failure is found in the absence of centralized administrative control. Just as in England the arbitrary and lax methods of the local officials led to gross abuses in the administration of the old poor law, before centralized supervision was introduced by the Act of 1834, so, in the United States, wherever the administration of the State income tax law has been left in the hands of local officials it has been foredoomed to failure, through arbitrariness and want of uniformity of administration, laxity in enforcement, and consequent unproductiveness.

On the other hand, in Wisconsin, where central control is secured by placing the administration of the law entirely in the hands of the permanent State Tax Commission, the income tax has been a conspicuous success. A recognition of the vital importance of central control is also a striking feature of the more recently enacted income tax law of Massachusetts. In the words of Professor Bullock:

"This is one of the wisest provisions of the law because it is vitally important that the act shall be uniformally administered without fear or favor by intelligent administrators in every part of the commonwealth."

It would be extravagant to maintain that an income tax is necessarily everywhere and at all times the most equitable of all taxes, even assuming that it could be assessed with perfect fairness which is by no means the case. But, accepting the principle that general burdens should be met by taxation in proportion to faculty or ability to pay, there is a **prima facie** case for making the income tax an integral part of the tax system. Administrative difficulties, however, may in certain cases render a tax law which is equitable in the abstract, most unfair in its practical application. It is, for example, admittedly more difficult to secure either equity or productiveness in the practical operation of an income tax in an agricultural community than in one predominantly industrial and commercial. In any case, it may be necessary to supplement income by other criteria of faculty; taxing, for instance, property held for enjoyment; or expenditure where income cannot be ascertained, or where the individual is only temporarily within the jurisdiction of the taxing body. Not by any single tax, but by various routes, can we hope to reach the ideal of taxation in proportion to ability, which, as we have seen, gives the fairest distribution of general burdens or what are known as onerous taxes.*

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* See Seligman, **Income Tax**, pp. 15-18

Certain Objections to a Provincial Income Tax Considered

The objection sometimes taken to the adoption of a provincial income tax in Manitoba: that it would compete with the Dominion income tax, which is levied for war purposes, and so lessen its productiveness, will not, in my opinion, bear examination. All taxes are in the long run paid out of income; and, indeed, most of them take more out of income than if they were levied directly on it. In respect of exhausting the source of revenue, an income tax is quite different from a tax on a commodity, say tobacco. If the Province were to supplement the Dominion tax on tobacco by another tax on the same article, it might hurt the Dominion revenue by checking consumption. In the taxation of commodities, it is well known that a continual increase in the tax may lessen and ultimately kill the revenue. Adam Smith * aptly quotes in this connection the saying of Dean Swift, that "in the arithmetic of the customs, two and two, instead of making four, make sometimes only one." But a tax on income will not check income earning, any more than taxes otherwise levied; for all such taxes are, as we have seen, ultimately and in the long run but disguised income taxes.

Nor is a Provincial income tax open to the objection that it would mean double taxation; for the Provincial and Dominion taxes are not levied for the same purpose but for the maintenance of different branches of Government, both of which are entitled to levy and do levy direct taxes.

The Revenue Problem in Winnipeg

In Winnipeg, today, we are face to face with the same difficulty as is being experienced in other cities on this continent, such as New York and Pittsburg—a steady increase in the number and expensiveness of the duties that the municipal government is called on to perform, while the municipal revenue system shows no corresponding elasticity. It is an awkward fact that men's demands on government, whether central or local, are more elastic than is their will to bear the cost. Most of this civic expenditure, too—in Winnipeg more than half—is beyond the direct control of the City Council. The Board of Valuation and Revision in their Report rightly state that the alarming demand for increased revenue has made assessment and taxation practically the chief civic problem. But to understand clearly the revenue system of the City, we must consider it in its relation to that of the Province.

The Provincial Revenue System

In Canada, the general tax situation is this: the Dominion Government, under the British North America Act of 1867, has the exclusive right to levy and collect customs and excise duties, and the Provincial Governments are limited to licenses, and direct taxation within the province for provincial, local, and municipal purposes. As direct taxation, however, was at that time (1867) wholly in the hands of the Municipalities, it was necessary to provide a supplement to the provincial revenues in order to compensate for the loss of the right, which the pre-confederation colonies had held, of levying customs and excise duties. This was done by means of the Dominion Subsidy. Into the details of this I may not enter here, though I may observe that, in the case of the Prairie Provinces, the Subsidy forms much too large a percentage of the total provincial revenue. Hence the revenue systems of these provinces are lacking in elasticity.

Owing, it is said, to the unpopularity associated in Canada with direct taxation, the provincial governments have only slowly and reluctantly entered that field. They do, however, levy corporation and succession duties, railway and similar taxes, and in some cases land taxes and income taxes. Manitoba has as yet no provincial income tax, but that I believe is not far distant.

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* **Wealth of Nations**, Vol. II., p. 362 (Everyman's Edition)

Municipal Taxation—The Increasing Burden on Real Estate Owners

The sources of revenue placed under this system, at the disposal of the municipalities are: the Personal Property Tax, or its modern substitute the Business Tax, the Real Estate Tax, the Income Tax, the Special Franchise Tax, and Licenses. In effect, however, the municipal authorities have had to rely for by far the greater part of their revenue on the taxation of property, real and personal. But personal property is elusive. It readily escapes taxation, with the result that the tax system becomes grossly inequitable; and for this reason the personal property tax—a failure in Canada as in the United States and elsewhere—has in Winnipeg long been superseded by the business tax. Real estate, however, is the one form of property which, being immovable, can be most easily got at by direct taxation; and thus, for administrative reasons, it has become more and more the chief subject, and frequently almost the sole subject of local taxation. Thus in Winnipeg in 1917 the estimate for the yield of the real estate taxes is 80 per cent. of the total civic revenue.

Here it is fruitful to remember the principle that all taxes are in the long run open or disguised income taxes—that real estate taxes, though nominally imposed on land and buildings, are really paid out of the net income, from whatever source arising, of the real estate owner. The value of the real estate he owns is merely taken as the index or measure of his liability to contribute towards the maintenance of the public services, whether that liability is determined on the basis of "ability to pay" or on that of "benefits received."

But it will, I think, be admitted that value of real estate owned has become a very faulty measure of such liability, whether based on benefit or ability, in a large industrial commercial city such as Winnipeg. A system in which 80 per cent. of the whole expenses of government of a modern city is deducted from the incomes arising from the ownership of real estate—only one of the many varied forms of property—is clearly a system that calls for justification on the part of its supporters.

Incidence of the Real Estate Tax

It is of course argued that the burden of taxation, though imposed in the first place on the real estate owners, is not ultimately borne by them, but is shifted in the guise of increased rent to the tenants, and through them, in the case of business premises, to the consumers of the commodity supplied. In a time of active demand for house accommodation the tax on buildings may be, and doubtless is, so shifted; but the tax on the value of land is a tax on a differential advantage, and rests, as such, on the owner. Even the tax on buildings cannot always be shifted. There is a certain amount of economic friction to be overcome, and the shifting depends on the state of the demand for, compared with the supply of buildings. It is only in the long run, by affecting the supply of buildings, that a tax on the building value tends to be shifted to the tenants.

Recent conditions in Winnipeg, it may be said, are abnormal. But equally it may be replied that a period of real estate activity, of the nature of a boom, is abnormal. The tax system should clearly have some relation to the value of real estate on the average of a sufficiently long period, or to the actual income annually derived therefrom. But, even if the assessments were made to correspond more accurately than they have been with the actual value, it would still remain true that the City of Winnipeg relies for too large a proportion of its revenue on taxation of the incomes of real estate owners, while other species of income entirely escape.

The equity of any tax can, it need hardly be said, be decided only when that tax is taken not by itself, but in relation to the whole tax system of the community. It might be equitable,

for example, that the City should tax more heavily classes that could be shown to be only lightly touched by Dominion or Provincial taxation. But there is no evidence that the owners of real estate are singularly favoured in this respect.

Property v. Income as the Basis of Taxation

The overtaxation of real estate is not, I believe, entirely unconnected with the system which prevails on this side of the Atlantic, under which the basis of taxation is the assessed capital value. The existing method, I admit, has the support of the leading American economists.* They hold that for local purposes capital value is a more satisfactory basis of taxation than is the annual yield or rent, which is the basis adopted in Great Britain for local rates, and for the taxation of real estate under the income tax.

It has been argued that in a modern society where land is continually being bought and sold, the capital value will be approximately the capitalized value of the rent—that they are, in short, related to one another as capital to interest. But to this general proposition there are, as a matter of fact important exceptions. Where, for example, urban or suburban land is not yet ripe for building, but has a speculative building-site value, a system of taxation on capital value may impose an immensely heavier burden than would result from taxation on the annual value or rent. It is, however, just this characteristic of the system of taxing real estate on its capital value—that it appears to reach the land speculator—that constitutes one of its chief merits in the eyes of many of its supporters. And it was for this reason, too, that it was adopted as the basis of the new national land taxes introduced by the British Finance Act of 1909-10.

Time will not allow of a discussion of the question whether speculation in land is the unmixed evil it is popularly supposed to be. It cannot, in any case, be prevented by any annual tax on land value that falls short of confiscation. For the purchaser, once the tax is imposed, will secure the land for a price lessened by the capitalized value of the tax, and has thus a good speculative investment.

It would appear, therefore, that the soundness of the policy of taxing real estate on its capital value is at least open to question. It is no doubt true that, in general, taxation of property is merely a form of assessment, the payment being actually met out of income. But the tax is not, as we have seen, always proportional to income. Income, however, is a fairer measure than property of the ability or faculty of the tax payer. There is, as already noted, no rigid line of division between capital and income; and no system of fiscal arrangements can provide, as Mill says, "that taxation shall fall entirely on income and not at all on capital." That depends, **inter alia**, on the amount as well as on the form of taxation. Nevertheless, our system of taxing real estate on its capital value certainly appears more liable to the risk of trenching on capital, and thus in the long run lessening the production of wealth, than is the system of taxing the annual yield or rent.

But, while holding as an ideal the taxation of real estate on its annual value, I recognize that on this continent the method of taxation on capital value is firmly rooted. Looking therefore to the facts as they are, I believe that the principle embodied in the resolution adopted by the City Council and submitted to the Provincial Government, provides the basis for a real and substantial reform. It now rests with the Government and the Council to work out such a scheme as will put that principle into practice.

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* See Seligman, **Essays in Taxation**, p.p.60, 488-95; Taussig, **Principles of Economics**, Vol. II., p.p. 523-5; Bullock, **National Tax Association Report** (1916), p.p. 381-2

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No. 2—Bird's Eye View of City's Budget.
No. 3—Civic Assessment and Property Values.
No. 4—That $2,000,000 Fire Tax.
No. 5—Problem of Street Transportation.
No. 6—Your Forgotten $700,000 Pension Liability.
No. 7—Jitney or Street Car?
No. 8—Has the Jitney a Place?
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No. 10—Plan for Re-organized Board of Trade and Civics.

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The Object of The Citizens Research League of Winnipeg:

THE BETTERMENT OF MUNICIPAL AFFAIRS

(1) by systematic study of civic problems, by disseminating accurate information concerning them, and generally by promoting in a practical way, better civic, economic and social conditions;

(2) by co-operating with city officials in securing efficient administration of civic interests and with other organizations which represent movements concerned with citizen welfare.

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BULLETIN No. 11 *of*
CITIZENS RESEARCH LEAGUE
OF WINNIPEG

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WINNIPEG AFFAIRS ARE *YOUR* AFFAIR

FINDINGS
AND
RECOMMENDATIONS
OF YOUR
OUTSIDE AUDITORS

BULLETIN No. 13 *of*
CITIZENS RESEARCH LEAGUE
OF WINNIPEG

EVERY Citizen is Interested in knowing how the Civic Administration is Dealing with the following and other Findings of the City's Outside Auditors:

RECOMMENDATION—1: THAT THE DEPARTMENTS OF THE COMPTROLLER AND THE TREASURER BE MERGED INTO ONE FINANCE DEPARTMENT UNDER ONE RESPONSIBLE HEAD.

The Citizens Research League considers of interest in this connection, as indicating the trend of British opinion, the following extract from Bateson's "Municipal Office Organization and Management"—a recognized authority:

> "It is becoming increasingly recognized that the economical and efficient financial administration of the multifarious municipal enterprises and departments can only be effectively secured by the consolidation of the financial operations through a central finance office, controlled by an experienced and responsible head; . . . . . It is universally recognized that an alteration in the law regarding the position of Chief Financial Officer has already been too long delayed."

RECOMMENDATION—2: THAT AN EFFICIENT AND INDEPENDENT INTERNAL AUDIT DEPARTMENT BE ORGANIZED, RESPONSIBLE DIRECT TO THE CITY COUNCIL.

On this point, the British Authority above quoted says:

> "A municipal council with many ramifications of finance has generally a system of internal check or audit in operation. . . . . It is essential that the internal audit staff should not be mechanical in their work, but ever alert to the need of keen and intelligent supervision. Internal audit clerks should supply periodically (monthly) reports of their work in an approved form to the Chief Financial Officer."

RECOMMENDATION—3: THAT A PERIODICAL OUTSIDE AUDIT BE INSTITUTED.

Direct British Parliamentary attention has been given to this question as will be seen from the following additional extract:

> "Perhaps there is no question relating to the financial operations of a municipal corporation which so much needs attention and statutory revision as does that relating to audit. The wonder is that such revision has been so long delayed, especially having regard to the recommendations of the Joint Select Committee of the House of Lords and the House of Commons in 1903—(relating to Audit of Municipal Corporations)."

RECOMMENDATION—4: THAT DUPLICATION OF DETAIL WORK IN FINANCIAL ADMINISTRATION AND ACCOUNTING BE ELIMINATED AND MODERN LABOR-SAVING OFFICE METHODS BE ADOPTED.

Again quoting from the same British source, the following is of interest:

> "In the arrangement for municipal account-keeping, duplication of work ought, as far as practicable, to be avoided (i.e., if the financial transactions are fully and completely recorded in a central finance department, then the repetition of the records ought not to be necessary in the administrative branches). An enquiry into the existing practice would reveal, in many places, much unnecessary clerical work and waste of money in this respect."

The Auditors cite various features of present administrative and accounting procedure which, they claim, go to show the need for the foregoing changes being put into effect. These are referred to in the accompanying summary of their report. Among them are:

1. Omission of $100,000 unpaid accounts from the year-end statement of the City's Liabilities.
2. Duplication of items in Balance Sheet.
3. Carrying as Assets certain tax arrears accumulated during a period of over 15 years—$100,000 of which the Auditors estimate as extremely doubtful of collection.
4. Statement that there is Surplus of $178,940 on General Revenue Account—whereas Auditors claim there is Deficit of $73,217.

In thus endeavoring to prepare an uncolored summary of the Outside Auditors' report the Citizens Research League does not necessarily commit itself to their findings or recommendations; but by presenting them in brief it hopes that citizens of Winnipeg will give careful study to matters so directly affecting their own interests.

The Citizens Research League of Winnipeg

S. R. TARR, President **A. K. GODFREY, Vice-President**

From THE CITIZENS RESEARCH LEAGUE to the CITIZENS OF WINNIPEG, THE CITY GOVERNMENT AND THE HEADS OF CIVIC DEPARTMENTS

ABROAD, Winnipeg's financial credit stands high, and deservedly so, thanks largely to a well-administered Sinking Fund which amply safeguards the interests of investors in the City's securities. But, while outside investors are interested most in the capital financing of a city, citizens themselves have an equal if not greater concern in yearly expenditures and the taxation involved by them. It is this "domestic" phase of Civic Financial Administration and Accounting which claims chief attention in the report of the City's outside Auditors. Recognizing, apparently, the citizens' direct interest in the Auditors' findings and recommendations, the City Council, on July 23rd of last year, formally approved of the suggestion that the Report of the Outside Auditors on the Civic Accounts for fiscal year 1916-17 be issued and printed jointly with the City Comptroller's annual report.

The Citizens Research League has lately received a copy of the Eleventh Annual Report of the City Comptroller, covering the fiscal year 1916-17, but as no report of the outside Auditors appears therein the League has undertaken to issue an unbiased summary of it and of the auditors' supplementary Financial Survey—believing that the matters dealt with therein should have the careful study of citizens generally, as well as of the civic administration.

Differences in Auditors' and Comptroller's Reports

It is interesting to note that in the Comptroller's report to hand the duplication of assets criticized by the auditors has disappeared, and various other items appear to have been adjusted. Certain other features taken exception to by the auditors are, however, still in evidence in the Comptroller's report. These include the following:

Omission of over $100,000 unpaid current accounts from the City's Liabilities at the close of the fiscal year.

Carrying forward as assets certain Expense Accounts and Balances which the auditors claim are no more admissable as assets than salaries paid to staff.

Carrying as assets long overdue tax arrears—$100,000 of which the auditors estimate as extremely doubtful of collection.

Statement that General Revenue Account has surplus of $178,940—whereas Auditors claim there is a deficit of $73,217.

The foregoing are cited only as illustrations (apart altogether from matters of departmental organization) of points in conflict between the civic accounting practice and the recommendations of the outside auditors.

There are other differences, but it is not here intended to discuss these in detail. In passing, however, it may be mentioned that, contrary to the previous City practice of doubly including assets, there appears in the Comptroller's latest annual report a double provision for the City General Liability to the Waterworks re the Cornish Avenue property. This apparent new duplication emphasizes the need for careful consideration being given to the auditors' criticism regarding the City's accounting methods.

Prompt Action on Report is Desirable

It is to be regretted that the auditors' report was not definitely considered and passed upon by the City Council so that the Comptroller's report might have been governed by the decisions thus definitely arrived at. It is true that matters unforseen and extraordinary have been engaging the attention of the Council and Board of Control, such for example as the Street Transportation question and the recent strike. But if any good is to be obtained from the report, no further time should be lost in its consideration. If the auditors' suggestions are merely academic and incapable of being acted upon with practical advantage or benefit, then such should at once be established. As the matter stands, criticism and recommendations have been offered and, in all fairness to the civic administration itself and to the interests of citizens, these require to be dealt with promptly in a thorough and impartial manner.

An outside audit and survey of accounting methods was the first recommendation made by the Citizens Research League in its initial report of October, 1916, entitled "Keeping Track of the Citizens' Business."

In the civic elections which followed soon afterwards a number of candidates made the instituting of an outside audit a plank in their platform. The new Council, when elected, followed up the recommendations of the previous year's Board of Control and appointed a firm of chartered accountants to make such audit and survey. A report on the audit was made to the City Council in November, 1917, but was filed pending the supplementary survey report which has since been submitted.

City's Growth Since Previous Outside Audit

Preliminary to the submitting of their formal reports the outside auditors last year assisted civic officials in revising the form of presentation of annual budget estimates, along lines suggested in the second report issued by the League. (This report also advocated preliminary citizen hearings on the budget—a procedure cordially adopted by the city administration a year ago). The Council was able, in 1917, for the first time, to pass upon estimates classified according to the main functions of government, and in such form as to make distinguishable at a glance the city's controllable and uncontrollable expenditures. The total Estimated Expenditures for the 1917-18 period (closing April 30th, 1918) were $5,405,458, of which $2,642,779 were controllable and $2,762,679 uncontrollable.

Previous to Winnipeg's recent outside audit and accounting survey (covering the year ended April 30th, 1917) there had been no external audit of the accounts of the City since 1908. The following expansions and developments had taken place in the intervening period: (a) The City's Bonded Indebtedness (exclusive of School Board) increased from about $10,000,000 to $37,000,000; (b) The Water Works System was considerably extended; (c) The Hydro-Electric System was installed.

The Modernizing of Municipal Business

It is noteworthy that in Great Britain, as in the United States and Canada, there has in recent years been increased attention paid to modernizing Municipal Financial Administration—it being recognized that Civic has generally lagged behind Commercial business in this regard. To quote from an up-to-date British work on the subject: "Municipal work is growing, and old systems—especially office systems—must either be made elastic by improved methods of operation, or will be retarded until a decrepit state of inefficiency or control supervenes, and drastic measures are taken by keen business men on the corporation committees, to the lasting regret of the officers thus condemned. . . . Rates are going up, and economies are being sought. Where can they be made more easily, says the man in the street, than in the cheaper, more efficient, more modern methods of administration?"

S. R. TARR, President. A. K. GODFREY, Vice-President.

Summary of Reports on OUTSIDE AUDIT AND ACCOUNTING SURVEY of the City of Winnipeg

THE first part of the League's accompanying summary deals generally with the auditors' Findings and Recommendations; the second part deals with the Financial Statements and relative remarks.

PART I.—GENERAL FINDINGS

REORGANIZATION OF FINANCIAL DEPARTMENTS

The report urges the need for a redistribution of the accounting work to properly organized departments.

It recommends:

That the Departments of the Comptroller and the Treasurer be merged into one Finance Department, under one responsible head.

That an efficient independent Internal Audit Department be organized, responsible direct to the City Council.

That a periodical External Audit be instituted.

Merging of Departments of Comptroller and Treasurer

Much duplication of work is reported as having resulted from the overlapping existence of these two departments. The creation of a new office is suggested, that of Chief Financial Officer, under some such title, perhaps, as that of Treasurer and Commissioner of Finance—the name used in Toronto, where the recent appointment of such an official has already resulted in substantial improvement in the financial administration of that city. Such an official would have control over and be responsible for all the Municipal Accounts, though the accountants of each of the main civic departments (General, Hydro-Electric and Water Works) would necessarily be charged with the handling of detail.

Internal Audit

The present Internal Audit conducted by the Comptroller's Department is reported upon as lacking in effectiveness. The report states that this may be partly due to the fact that the Internal Auditors have no independent status and are in constant association with those whose accounts they audit.

It is recommended that an independent Internal Audit Department be created, the head of the department to be directly responsible to Council and not subject to the control of any officials whose records are under audit. At present, it is stated by the outside auditors, the Comptroller's own department is audited by itself.

In connection with the conduct of the Outside Audit, it was understood that the detail work of the Internal Audit staff at the City Hall might be accepted as correct by the Outside Auditors, but in the course of their investigations, Henderson, Reid & Co. state that they came to the conclusion that the Internal Audit could not be said to properly fulfil the functions of an audit, being chiefly concentrated on mechanical checking of figures.

It was in the course of their own supplementary testing that the Outside Auditors came across certain discrepancies which led to the uncovering of a deficit in the License Department afterwards stated to be $5,000 or over.

It was reported in this connection that there were still a number of officials in positions of trust who had not yet been bonded. This was urged by the auditors as requiring to be dealt with.

External Audit

A supplementary External Audit is also recommended. This External Audit would commence where the Internal Audit left off, it being understood that the External Auditor should be empowered to make such further enquiries or tests as he deemed necessary to a comprehensive audit.

ACCOUNTING

Omission of Unpaid Accounts

That the basis of civic accounting is faulty and does not conform to established business principles is claimed by the Outside Auditors. The practice of ignoring current outstanding accounts payable at the time of closing the accounts for the fiscal year is given as a glaring example in this connection. (These unpaid Liabilities at 30th April, 1917, are stated as amounting to over $100,000). In the words of the auditors: "The actual situation exists whether or not it is so stated. Financial Statements do not create the situation—their purpose is to reflect, and wrongful impressions are not to be commended." The auditors further state that the non-inclusion of Liabilities contracted but not paid "presents undesirable opportunities for the wilful omission of expenditure, perhaps for no other reason than that of appropriations being exhausted or for the purpose of showing a condition of 'living within the estimates.' "

They further state that Expenditures ought to be recorded and thereafter controlled in the accounts—not only as the vouchers are prepared, but as the Expenditures are incurred. That is, the outgoing purchase orders, etc., ought to furnish the means of establishing the true state of the various funds.

Fixed Property Values

With reference to Fixed Properties it is recommended that continuous ledger detail be maintained. It appears that the annual statements of these properties are prepared on practically an inventory basis (the values being supplied by various heads of departments) any differences of one year over another being adjusted through the Surplus Account. Although the auditors do not dispute the principle of annual valuations, they are of the opinion that the costs should in any case be preserved. They indicate that the composition of the Nominal Surplus of Assets over Liabilities should always be available and as the annual and often arbitrary variations in the stated values of Fixed Properties result in corresponding changes in Surplus, they are of the opinion that more satisfactory results would be obtained by maintaining the accounts on the basis of cost and adjustments made from time to time. They further state that waiting for these annual valuations occasions considerable delay in the preparation of the Comptroller's annual accounts.

Another point commented upon by the auditors with regard to accounts relating to Fixed Properties is that, as the Sinking Fund Reserve is represented by amounts periodically set aside to provide for the payment of the bonded indebtedness at maturity, it should be equivalent to the depreciation on the assets covered by the debentures. The Assets being shown as they are at a current valuation—presumably allowing for depreciation—appear at the supposed actual value. It would therefore appear that the Sinking Fund Reserve duplicates to some extent at least the allowance for depreciation already made.

Over-Statement of Assets

In some way or other, the auditors state, certain Assets had been doubly included in the Accounts, as evidenced by the published Balance Sheet of the City as at 30th April, 1916. These duplications are reported as having resulted in an over-statement of Assets of over $200,000, this being, of course, reflected in the so-called Surplus.*

* It is interesting to note with regard to duplication of assets in the City's published accounts that the Citizens Research League drew attention in their first report to another and more glaring instance, which was, however, done away with before the recent outside audit was made. The City had, from year to year, showed a large so-called Surplus which was principally accounted for by inclusion among assets of a $6,500,000 item of deferred assessments for local improvements—which item really appeared a second time among the City's Fixed Properties.

The auditors contend that, aside from the question of method, instances of accounts wrongly stated were by no means lacking. In this connection the "direction of staff" rather than staff itself is criticized. An example cited is of a sum of $300 that had been misappropriated several years before from a departmental advance. No instructions had apparently been issued for the adjustment of the advance account, and the above amount had been carried forward from year to year as a cash advance.*

* This particular item is stated by the Comptroller to have been adjusted during the year following that covered by the outside audit.

Certain accounts, it is said by the auditors, are being carried as Assets which are in no way representative of tangible equities or of truly recoverable balances—the General Taxpayer constituting the only medium of disposal. These accounts comprise balances on various Expense and Plant Operating Accounts, which, after allowing credit for various surpluses, amount to approximately $150,000. This amount, together with the unpaid Liabilities of over $100,000 already mentioned, makes a total of over a quarter of a million dollars which had not been taken care of at 30th April, 1917. In addition to this, the auditors contend that probably in the neighborhood of $100,000 uncollectible taxes accumulated over a period of from 15 to 20 years will yet require to be provided for.

Financing of Short-Term Improvements

A feature of the report is the suggestion with regard to providing funds for the construction of new short term works. To quote from the auditors' report: "The issues of Consolidated Stock comprise provision for Works and Local Improvements for various terms not coinciding with term of debt and quite frequently of much shorter duration. The present practice is to use the levies matured in Sinking Fund in respect of the shorter term works for the purpose of buying in the stock, thus effecting a reduction in the debt. While this is perfectly good practice and is financially sound it occurs to us that these accumulations might very well be used for the construction of further short term works instead of for the purpose of reducing the debt—provided, however, that the levies for the new works would have accumulated in full at date of maturity of debt. In this way the costs incident to issuing new debentures or stock would be saved without having impaired the security for the original debt."

Forms of Debentures are briefly discussed in the auditors' report. They suggest that special consideration be given to this branch of municipal finance, and point out some generally accepted advantages, in principle, of Instalment Debentures. They state, however, that in the case of Winnipeg, the advantages would not be entirely on the side of the Instalment method as compared with the present Sinking Fund system.*

* In the report of the Sinking Fund Trustees for the 1917-18, recently issued, these points are commented upon. The Trustees do not approve of the suggestion re financing short-term improvements, but consider that the city should make separate provision for financing new works. The Trustees also re-affirm their view that Instalment Debentures would be less advantageous in the case of Winnipeg then the present Sinking Fund system.

BOOK-KEEPING SYSTEM AND OFFICE PROCEDURE

That useless duplications and the continued following of procedure adopted years ago without taking cognizance of modern conveniences and facilities have combined to make the present system wasteful, is in effect what the auditors say.

Duplication of Treasurer's and Comptroller's Records

Numerous instances of duplication of records are given, of which the following is but one example:

It is contended that much unnecessary clerical labor is occasioned in the operations incident to the preparation of accounts for payment and the subsequent records. When vouchers (invoices and the like) are certified, a voucher form is at present prepared by hand—this voucher form containing numerous particulars usually associated with such documents. When these are passed for payment, a warrant is issued on the Treasurer (these warrants being similar to bank cheques and in stub form) thereby occasioning another operation, duplicative on account of the stub having to be filled out. The cheques (also in stub form) are thereafter issued from the Treasurer's Department. The auditors recommend that these three operations be combined by the adoption of suitable forms providing for carbon copies.

It is further stated that duplicative work in the above connection does not end here, for a record of vouchers is kept by the Treasurer and again in the Comptroller's Department.

The large number of payments made by the City, the auditors state, render possible considerable savings in clerical labor by the adoption of the scheme outlined by them. The auditors give other detail suggestions which they claim would effect material savings and benefits in the routine of the Comptroller's and Treasurer's Departments.

Lessening Detail in Tax Collector's Office

The reduction of the volume of clerical labor in the office of the Tax Collector is also recommended in the report. The auditors claim that unnecessary detail is maintained in the matter of recording Tax payments and outline the procedure to be followed with a view to a saving of time and labor. The preparation of the Tax notices is instanced as also affording opportunity for improved methods—it being maintained that by utilizing mechanical aid and by providing a coating of carbon instead of the separate carbon sheets, substantial savings would be possible.

Suggestions re Assessment Department

While changes are not definitely recommended in the Assessment Department, the auditors suggest consideration of a card system as a possible means of reducing the heavy clerical work in this department. The cards could be ruled to cover from five to ten years' operations. Once written up, a permanent record would be obtained, upon which sundry changes relating to ownership, etc., could easily be given effect to, as contrasted with the laborious method of rewriting the assessment roll each year in cumbersome books. The auditors admit that a frequently voiced objection to card records is that the cards get lost. They cite, however, the instance of the Water Works Collection Department where signal success has resulted from a well planned and well conducted card system.*

* It is of interest to note that the Assessment Commissioner, being desirous of effecting savings of clerical labor, has lately recommended to the Board of Control the adoption of a loose-leaf system, which he had had in contemplation for some time.

Hydro-Electric Accounting

But few changes are recommended in the accounting procedure of the Hydro-Electric System which is commended as having followed closely and intelligently the methods prescribed by the Public Utilities Commissioner. The principal recommendation as to detail is that the accounting department be transferred from the City Hall and centralized at the King Street offices.*

* Certain points discussed with regard to Depreciation Reserve Fund are referred to in a later section of this summary.

It is mentioned that slight changes in the Light and Power Collection Department might be made and that some statistical information might be dispensed with, but inasmuch as there appear to be so many more urgent improvements necessary in the other fields of civic accounting, the auditors are of the opinion that this department can well be left for later consideration.

Among other matters the auditors state that on numerous occasions the Hydro-Electric Department had omitted to observe the provisions of Sec. 115, By-law 9351, stipulating that all work and material exceeding in value $500 be let by contract after calling for tenders, except in case of emergency, when the Board of Control may make the necessary purchase subject to reporting of expenditure at next Council meeting. This would seem to have a direct bearing upon the question of the effectiveness of the present methods of the Internal Audit by the Comptroller's Department.

Water Works Accounting

The supervision of the Public Utilities Commissioner over the Water Works Department has within the past year or two produced very satisfactory improvements, according to the report—certain inconsistencies in accounting which were noted in the initial report of the Citizens Research League having since been rectified. However, the auditors consider it regrettable that the Construction Accounts do not show the costs of physical units of the system so that the cost of the Water Supply and Distribution could be ascertained separately. The need for accurate knowledge of separate costs is emphasized when an attempt is made to determine the fairness or sufficiency of the existing charges ($30.00 per hydrant per annum) to the Fire Department for Hydrant rentals.

The impending change in the source of Water supply to the City is instanced as a reason for definite cost value of the different branches of the system being ascertained. The auditors believe that even now, with the assistance of the Engineer's Department, reliable figures may be arrived at.

Criticism is made by the auditors of the practice of ignoring the department's liability to water consumers in respect of water consumption billed in advance.

Gradual not Sweeping Changes Recommended

In the matter of improvements in all Civic Departments the auditors suggest gradual rather than sudden and sweeping changes involving the risk of some features being overlooked—not to mention the undesirability of unduly upsetting current routine. They further state that all improvements should be gone thoroughly into by the departmental heads and assistants so that full advantage of their knowledge would be obtained.

It is emphasized that improvements in Book-keeping System and Office Procedure may safely be proceeded with irrespective of the question of Reorganization of Staff.

The auditors state that they have prepared several accounting forms in draft and that they are open to discuss these and other questions raised in their report should opportunity be afforded by the City.

PART II.—FINANCIAL STATEMENTS

THREE DIVISIONS OF CIVIC ACCOUNTS

The Auditors deal in detail with the civic accounts under three separate headings:

1. General Accounts (Taxation Division).
2. Hydro-Electric Division.
3. Water Works Division.

A condensed summary of Winnipeg's total Assets and Liabilities is as follows:

CAPITAL FUNDS SECTION. (All three Divisions)

Total Capital Assets	**$40,072,276.02**
LESS Reserves for Depreciation, etc.	**8,507,762.25**
Apparent Net Value of Assets	**$31,564,513.77**
Total Capital Liabilities	**$37,658,046.56**
LESS Reserve Funds Invested and on Hand	**8,538,519.90**
	$29,119,526.66
Total Nominal Capital Surplus	**$2,444,987.11**

REVENUE FUNDS SECTION. (All three Divisions)

Total Revenue Assets	**$4,015,203.51**
Total Revenue Liabilities	**3,918,948.41**
Net Revenue Surplus	**$96,255.10**

The total bonded indebtedness of the city (including that of all three Divisions, but exclusive of $3,500,000 of School Board Debentures issued as City Consolidated Stock) is $37,053,680.

The auditors state that exact comparison with previous periods is not easy of attainment owing to adjustments made by them in the course of the investigation. Clear distinction between Capital and Revenue items was not previously a feature in the City's published accounts.

A condensed Balance Sheet of the General Account—Capital and Revenue—is submitted hereunder:

1—CITY'S GENERAL ACCOUNTS

BALANCE SHEET

Summary of Capital Funds Section

Assets:		
Land, Buildings and Equipment at valuation	**$10,315,485.37**	
Local Improvements	**15,521,522.05**	
	$25,837,007.42	
LESS Sinking Fund Reserve (Depreciation)	**5,896,746.38**	
		$19,940,261.04
Liabilities:		
Bonded Indebtedness	**$22,660,911.28**	
LESS: Sinking Fund	**5,896,746.38**	
	$16,764,164.90	
†Water Works	**357,293.53**	
Payables (including Bank O–D)	**373,815.50**	
		17,495,273.93
Nominal Surplus of Capital Assets over Capital Liabilities		**$2,444,987.11**

† Due to adjustment ordered by Public Utilities Commission in 1916 on account of incorrect charging of certain collection expenditure to Water Works System, and to the transfer of Cornish Avenue property from the Waterworks to the City General.

Summary of Revenue Funds Section

Assets:		
Cash	**$ 8,963.72**	
Receivables (Including Taxes)	**3,257,956.04**	
Inventories	**130,199.54**	
		$3,397,119.30
Liabilities:		
Payables (Including Bank O–D)	**$3,205,331.92**	
Reserves (Special)	**265,004.42**	
		3,470,336.34
Actual Deficit on Revenue Account		**$73,217.04**

The Nominal Capital Surplus represents assets, the indebtedness against which has been paid (less indebtedness over values) and also includes the appreciation in value of real estate which has been incorporated in the accounts.

The General Bonded Indebtedness of the City (exclusive of School Board, Hydro-Electric and Water Works) totals $22,660,911, of which $10,398,612 is consolidated stock and $12,262,299 debentures.

The above Sinking Fund of $5,896,746 represents assets held by Sinking Fund Trustees applicable to General Bonded Indebtedness.

Heavy Tax Arrears

Receivables of $3,257,956 among revenue assets are made up chiefly of unpaid taxes amounting to $3,163,673 (net). Included in this amount are property taxes of over $75,000 levied prior to the year 1914 and as far back as 1897. The auditors state that while some of these old arrears may be collected, others are doubtful, while many are acknowledged to be uncollectible. Business tax arrears totalling over $60,000 are also treated as assets, although the possibility of collection of more than 25% thereof is considered remote. The auditors indicate that altogether $100,000 of taxes in arrears are extremely doubtful assets.

Mention is made that the claim against the guarantee company to cover defalcations discovered by the auditors in the license department is not included in the accounts, the amount at date of balance sheet not having been determined.

Year's General Revenue Operating Account

Accompanied by suitable detail and comparisons, the operations for the fiscal year ending April 30, 1917, are stated by the auditors to have been as follows:

	Expenditure
General Government	$ 211,737.64
Protection of Persons and Property	1,087,418.92
Preservation of Health and Sanitation	490,666.79
Highways and Bridges	310,000.21
Education	1,187,855.03
Recreation	198,496.74
Miscellaneous Services	398,756.05
Unclassified Expenditures	1,327,342.79
Total General Expenditure for Year	**$5,212,274.17**
LESS:	
Unexpended Balance from Previous Year	74,109.62
Total Amount Required for Year's General Expenditure	**$5,138,164.55**
DEDUCT:	
Income other than from Taxation	609,171.97
Net amount required from General Taxation	**$4,528,992.58**
Actual Taxation—General and Business	4,707,932.40
Balance, So-called Surplus, taken to credit of 1917-18 Budget	**$ 178,939.82**
Adjusted, General Expenditure (Net) not provided for	252,156.86
Revenue Account Deficit (After adjustment)	**$ 73,217.04**

This statement deals with the cost of operating the Civic Departments named therein, and is classified in accordance with a system followed by other cities of importance, and adopted by Winnipeg in preparing its estimates for the year ending April 30th, 1918—the intention being to attain a standardized form, by which accurate comparisons may be made. The ability to make such comparisons should prove of great benefit to civic administration.

It is pointed out by the auditors, that no provision is made for uncollectible taxes—which as already explained, may total $100,000—and further that Expenditures not provided for (of $252,156) have not been included in the classification although the latter amount is shown in bulk in the Revenue Account as prepared by them. This adjustment by the auditors results in a revenue account deficit of $73,217, compared with the claimed Surplus of $178,940, shown in the City Comptroller's Accounts. It is, of course, to be kept in view that the entire amount of the deficit is not claimed by the auditors to be the result of the one year's operations. As their report points out, in order to arrive at a correct Revenue Statement for the year "it would be necessary to make due provision for unpaid accounts at beginning and end of year and apportion them to the relative appropriations."

The charging of a proper proportion of certain Expenses—now charged to the ratepayers at large—to the Water and Hydro-Electric systems, is recommended.

Bond Conversion Results

The immediate result of the Bond Conversion carried out in 1916, was as follows:

	1940 Stock Conversion	1940-60 Stock Conversion	Total
Stock purchased and cancelled	$4,866,666.66	$2,924,295.19	$7,790,961.85
Debentures issued (new)	4,153,000.00	2,352,000.00	6,505,000.00
Debt reduction	**$ 713,686.66**	**$ 572,295.19**	**$1,285,961.85**

The report states that although the conversion has resulted in a reduction of the Debenture Debt of $1,285,961, the ultimate profit may not be equal to this amount. Possible future losses or gains must be considered before the result of the conversion can be determined. The auditors here outline possible factors in detail.

Assuming that the City will be able to extend its credit for the necessary periods without loss or gain, the ultimate profit on the conversion should, according to the auditors, be approximately $984,194.

2—HYDRO ELECTRIC ACCOUNTS

The accounts and relative data of this department are stated by the auditors to be well and efficiently maintained; the principles formulated by the Public Utilities Commission—which have been conscientiously observed and apparently followed efficiently—having proved of great benefit to sound accounting.

The provision for Depreciation of Assets, as required by the Public Utilities Commission, is discussed at length, and a periodical investigation is recommended as a check on the accuracy of the prescribed depreciation rates.

The investment of the Depreciation Reserve Fund is also referred to, it being pointed out that no stated rate of interest from such investment is prescribed, nor is it stated that the Fund shall be invested. This, in the opinion of the auditors, would seem to indicate that contributions to Depreciation Fund through earnings from investments are in the nature of "an extra measure of safety"—the rates of Depreciation being based on the expected life of the various units of construction. Save for the prescribed regulations, therefore, the auditors suggest that these earnings from investments—on the present basis—might perhaps more properly go to Revenue Account. This leads to another point in the report, viz.: the question of whether Surplus from the operation of Utilities should not be used—as allowed by the Charter—for the reduction of the General Debt of the City, thereby reducing general taxation. The auditors urge that careful consideration be given to these matters.

The Balance Sheet of the Hydro-Electric System is summarized as follows:

HYDRO-ELECTRIC BALANCE SHEET
30th April, 1917
Capital Funds Section

Assets:		
Properties, Plant, etc.	$7,559,155.89	
LESS Reserve for Depreciation	1,247,876.90	
	$6,311,278.99	
Investments and Agreements	8,349.65	
Depreciation Funds Invested and on Hand (This includes Sinking Fund)	1,247,876.90	$7,567,505.54
Liabilities:		
Bonded Indebtedness	$7,402,000.00	
Payables (including Bank O-D)	165,505.54	7,567,505.54

Revenue Funds Section

Assets:		
Cash	$120,573.91	
Receivables (Less Reserve for loss thereon)	113,915.14	
Inventories and unearned Insurance Premiums	110,589.30	$345,078.35
Liabilities:		
Payables	$120,653.09	
Interest accrued but not due	56,247.29	176,900.38
Surplus		$168,177.97

From the foregoing it will be noted that the surplus on revenue account is being used as working capital. This means that sufficient profits have now accumulated as to obviate the necessity of operating on borrowed money, thus saving interest charges and consequently increasing the net earnings. The auditors recommend that the guarantee deposit system be reinstated in this department, as considerable saving of losses through uncollectible accounts would thus be effected. Under present conditions, a reserve of $24,000 per annum is required to provide for bad debts.

Details of the operating account are as follows:

HYDRO-ELECTRIC OPERATING ACCOUNT
Year 1916-17

	Amount	Percentage
Total Operating Revenue	$1,017,407.53	100.00%
Total Operating Expense—(This includes provision for Depreciation and Bad Debts)	621,485.69	61.085%
Net Operating Revenue	$ 395,921.84	38.915%
Fixed Charges less Sundry Income	311,247.31	30.602%
Surplus for year	$ 84,574.53	8.313%

The operating revenue from private sources is shown as follows: Light, $597,977; Power, $259,118; Tramways, $1,843; making $858,958. The balance of the Revenue is paid by the City and other Municipalities.

3—WATER WORKS ACCOUNTS

The revised accounting methods now pertaining to this utility also receive general commendation from the auditors—especially those of the Collection Department.

The Balance Sheet of this department is summarized hereunder:

WATER WORKS BALANCE SHEET

31st March, 1917

Capital Funds Section

Assets:		
Properties, Plant, etc.	$6,667,763.06	
LESS Sinking Fund Reserve (Depreciation)	1,363,138.97	
	$5,304,624.09	
Receivable from City General	357,293.53	
		$5,661,917.62
(See City General Balance Sheet—Capital Section)		
Liabilities:		
Bonded Indebtedness	$6,990,768.54	
LESS Sinking Fund	1,393,896.62	
	$5,596,871.92	
Payables	65,045.70	
		$5,661,917.62

Revenue Funds Section

Assets:		
Cash	$ 120,410.55	
Receivable (less Reserve for loss thereon)	60,769.68	
Inventories and unearned Insurance Premiums	66,155.18	
		$ 247,335.41
Liabilities:		
Payables	$ 76,078.73	
Interest and Sinking Fund, accrued but not due	169,962.51	
		246,041.24
Apparent Surplus		$1,294.17

Although the Balance Sheet shows a final credit Balance on Revenue Account of $1,294.17 the auditors claim that this only becomes possible of statement by reason of ignoring the liability to Water Consumers in respect of water consumption billed in advance. That is, by reason of billing quarterly in advance, the accounts Receivable are overstated (as at a given date). The auditors estimate approximately $39,000—at 31st March, 1917—as being credited to Revenue, covering future consumption. The report states that, without intricate exact calculation in the Collection Department, reliable approximations could easily be arrived at and that the accounts of this Utility should so provide for this liability.

Details of the Operating Account of this department are as follows:

WATER WORKS OPERATING ACCOUNT

	Amount	Percentage
Total Operating Revenue	$686,507.78	100.00%
Total Operating Expense (Including provision for depreciation)	389,608.83	56.75%
Net Operating Revenue	$296,898.95	43.25%
Fixed Charges (Including Sinking Fund in excess of Depreciation)	202,306.93	29.47%
Surplus for year	$ 94,592.02	13.78%

In considering the Water Works account, it must be remembered that charges in advance amounting to $39,000 are included herein, against which may be offset a similar credit taken on the 31st March, 1916, amounting to $37,500, leaving a balance of $1,500 to be deducted from the stated surplus for the year's operations, resulting in a net surplus for the year of $93,092 as contrasted with an operating surplus in the previous twelvemonth of $47,563—a very satisfactory increase, as the auditors state.

An instance of the lack of co-ordination in the Municipal Accounts, frequently commented on in the Report, is cited in the fact that the fiscal period of this utility ends on 31st March, whereas other civic departments terminate their fiscal periods on 30th April. This, the report states, should be remedied.

The Object of
The Citizens Research League of Winnipeg:

THE BETTERMENT OF MUNICIPAL AFFAIRS

(1) by systematic study of civic problems, by disseminating accurate information concerning them, and generally by promoting in a practical way, better civic, economic and social conditions;

(2) by co-operating with city officials in securing efficient administration of civic interests and with other organizations which represent movements concerned with citizen welfare.

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No. 2—Bird's Eye View of City's Budget.
No. 3—Civic Assessment and Property Values.
No. 4—That $2,000,000 Fire Tax.
No. 5—Problem of Street Transportation.
No 6 - Your Forgotten $700,000 Pension Liability.
No. 7—Jitney or Street Car?
No. 8—Has the Jitney a Place?
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WINNIPEG AFFAIRS ARE *YOUR* AFFAIR

Are You in Favor of ? Abolishing the ? Board of Control ?

The Duties of the Board and its Part in the Machinery of City Government are Herein Set Forth---together with Brief Descriptions of Certain Other Systems of Civic Administration

BULLETIN No. 14 *of*
CITIZENS RESEARCH LEAGUE
OF WINNIPEG

Are You in Favor of ? Abolishing the ? Board of Control

From the
CITIZENS RESEARCH LEAGUE OF WINNIPEG
To the
CITIZENS OF WINNIPEG AND THE CITY GOVERNMENT

ON September 20th a Referendum is to be put to Winnipeg electors on the question: "Are you in favor of abolishing the Board of Control?"

In voting upon this question it is desirable that citizens should have as clear an understanding as possible of the functions of the Board, its relation to the City Council and its part in the entire machinery of Civic Government. To this end The Citizens Research League has prepared the accompanying descriptive analysis of Winnipeg's governmental system. The League has not departed from its already expressed view that any such Referendum should have been preceded by some formal enquiry (including public hearings) into the whole matter of the best form of civic government for Winnipeg. This would have made possible, if then deemed desirable, the submitting of some plan or plans alternative to the old Committee System of administration which will now automatically come into force on January 1st next if electors vote to abolish the Board of Control.

Any verdict to abolish the Board should not be interpreted as necessarily indicating citizen contentment with the prospect of administration by Council Committees as a permanent system. Nor should a vote against the abolition of the Board be considered as favoring its retention permanently, with or without modification.

This League would therefore urge, whatever the outcome of the Referendum, that immediate steps be taken for a thorough enquiry into other tested forms of city government, with a view to evolving the best possible system adapted to Winnipeg's own needs, and obtaining any charter amendments necessary thereto at the next session of the Legislature.

With this in view the present bulletin contains brief descriptions of certain other forms of civic government. In considering any of these, however, citizens should bear in mind the words of so eminent a municipal authority as Henry Bruere, who has said that: "Modern progressive standards of municipal efficiency cannot be attained merely by the process supplied by (for instance) the Commission Plan. They demand a new social sense to animate officials and citizens alike." Also, a year or more ago, H. M. Waite—speaking as City Manager of Dayton, Ohio, to a convention concerned with municipal progress—said in effect: "The considerable success of the Commission-Manager plan thus far is due largely to the circumstance that its introduction has been accompanied by an arousing of more direct citizen interest in civic affairs. There is danger of too much reliance upon some plan (and not upon a broadened democratic interest) for the furtherance of civic progress."

The Citizens Research League expresses no opinion upon the abolition or retention of the Board of Control. Nor is its presentation of other forms of civic government to be considered as recommending any of them for adoption by Winnipeg. It is to be recognized that consideration of these at the present time can be only tentative.

The Referendum, if it carries, will simply result (for the time being), in returning automatically to civic administration by Committees of Council—including a Finance Committee which would necessarily be formed to take over those duties of the Board of Control relating specifically to civic finance. The Committee System was in force in Winnipeg up to the year 1907, when the Board of Control was first instituted.

The purpose of this bulletin is not to make recommendations but to convey information.

On behalf of the Citizens Research League,

S. R. TARR, President.

September, 1918. A. K. GODFREY, Vice-President.

The Duties of the Board and its Part in the Machinery of City Government are Herein Set Forth—together with Brief Descriptions of Certain Other Systems of Civic Administration

WINNIPEG'S CIVIC MACHINERY

I. The Electorate

THE MUNICIPAL GOVERNMENT of Winnipeg (a city of 185,000 population and with an annual expenditure of well over $7,500,000 on current account, including operation of public utilities) rests ultimately with something under 55,000 qualified men and women electors, of whom over 6,500 are non-residents.

In all only some 14,000 cast their ballots at the last civic election. The right to vote belongs to all persons, male or female, British subjects by birth or naturalization, of the full age of 21 years, who are freeholders of the City rated on the last assessment roll for at least $100, or leaseholders or tenants of real property rated for at least $200. In practice, occupants who have purchased property under agreement of sale are allowed to vote as tenants. Only freeholders may vote on money by-laws.

The City's affairs are carried on under the power of a City Charter from the Manitoba Legislature.

II. The Mayor

THE MAYOR is chief magistrate and head of the city's government. As such he is presiding officer of the City Council (the Legislative Body) and chairman of the Board of Control (the Administrative Body and Finance Committee of Council).

He is elected annually by the votes of the City at large; in practice a second year's term of office is usually accorded him by acclamation. By a 1917 legislative amendment to the City Charter, women are now eligible for election to the Mayoralty, as well as to the Council and Board of Control. The property qualification for a Mayoralty candidate is a rating on the assessment roll of the City to the value of $2,000 over and above all encumbrances.

As chief executive officer, it is the Mayor's duty "to communicate to the Council all such information and recommend such measures within the powers of the Council as may tend to the improvement of the finances, health, security, cleanliness, comfort and ornament of the City."

The Mayor has the power to veto by-laws, resolutions and measures passed by Council authorizing the expenditure of money, at any time within forty-eight hours—by giving the Clerk notice thereof in writing; provided, however, that such veto may be removed or overruled by a two-thirds vote of the Council at any subsequent meeting.

His salary is fixed by by-law of Council, with maximum of $5,000 per annum; which amount is now being paid.

III. The City Council

THE CITY COUNCIL (the Legislative Body) consists of the Mayor and four Controllers, elected annually by the city at large, and fourteen Aldermen, two representing each of the seven wards of the city.

The aldermanic term is two years, one alderman from every ward retiring each year. The annual indemnity of an alderman is $500.

To be eligible for election as aldermen persons must be resident British subjects of the age of twenty-one years, and owners, at the time of the election, of property assessed for at least $500 over and above all encumbrances. By a 1918 legislative amendment to the City Charter, provision is made for taking a referendum on the question of reducing the property qualifications for aldermanic candidates to a parity with those for electors.

The Council's general jurisdiction is that of a legislative body, though administrative powers also rest ultimately with it. Subject to charter restrictions it may make, amend or repeal regulations and by-laws relating to civic government generally.

The Council may, without reference to ratepayers, borrow for current needs against uncollected taxes or hypothecated bonds, by means of promissory notes, treasury bills or short term debentures. It has also the power to issue debentures for local improvements and for

certain specified purposes (as, for example, not exceeding $25,000 for repair of any fire hall, police station, etc.) without reference to ratepayers.

Generally speaking, however, by-laws for raising money cannot be finally passed without a three-fifths vote of qualified electors.

The Ordinary Duties of the Council may be outlined as follows:

(a) To consider and pass upon estimates of proposed expenditures for the year, presented to it by Board of Control, and to levy a tax rate on the assessed value of property in the City sufficient to raise the sum required; the rate in any one year not to exceed 12 mills in addition to needs for School Board, Police Board and Parks Board.

(b) To receive reports of Board of Control as to awarding of contracts. (Only a vote of at least a majority of the members can reverse or vary the action of the Board of Control in this connection, when the effect of such vote would be to increase the cost of the work, or to award the contract to a different tenderer).

(c) To receive reports of Board of Control upon all municipal works being carried on within the City.

(d) To appoint, on nomination from Board of Control, all heads of departments and other permanent civic officers, clerks, etc., and to receive and act upon recommendations from board as to salaries of civic employees.

(e) To receive report from Board of Control as to dismissal or suspension of any head of department. (Reappointment or reinstatement cannot be effected unless by affirmative vote of at least two-thirds of members of Council present).

(f) To receive from the Board of Control minutes of its meetings and any other information in the Board's possession which it may desire.

(g) To act upon by-laws submitted by Board of Control.

(h) To refer back to the Board any matters for reconsideration by a vote of a majority of the members present at Council and voting.

(i) To assign special duties to the Board of Control by by-law or resolution.

(j) To receive and consider any petition submitted by any ratepayer.

Standing Committees (and also special committees) are appointed by Council from its members, to which it delegates its powers and duties, with the provision that no reports or orders of such committees (except such orders as may be authorized by by-law or resolution) shall have effect until subsequently considered and adopted by the Council.

Two years ago the Council passed an important by-law re-defining the respective duties of its main standing Committees and of the Board of Control. The arrangement previously obtaining was frankly a compromise effected when the Board of Control was first made part of the City's system of government. Aldermen continued to exercise detailed supervision of business through Standing Committees—with the exception that the work of the former Finance Committee was taken over by the Board of Control. However, as time went on, the Board of Control assumed greater importance. The new by-law established a gradually evolved change. It provided for a continuance of the six Standing Committees of Council, these being (in addition to Board of Control acting as Finance Committee): Works and Property; Fire, Water, Light and Power; Health; Market, License and Relief; Legislation and Reception; Library and Public Baths. But the work of these committees was considerably reduced as compared with their original scope. They "consider and report" to Council—reports being first submitted to the Board of Control. After Council has debated and acted upon such report, the subsequent details of administration are left to the Board of Control. In a word, the distinction between the legislative function of Council and the executive function of the Board of Control is by by-law somewhat more clearly defined than before. However, there still appears in practice to be considerable doubt at times as to the exact powers and jurisdiction of the Board of Control.

The City Clerk is appointed by by-law and records all resolutions, decisions and other proceedings of the Council.

IV. The Board of Control

THE BOARD OF CONTROL (the Administrative body and Finance Committee of Council) consists of four Controllers, together with the Mayor who is chairman of the Board.

The Controllers are elected at large each year. By 1918 legislative amendment to the City Charter authority was given for the taking of a referendum on the question of instituting a two-year term for Controllers—half of the Board to retire each year. Eligibility for election

to Board of Control is the same as for Mayor. Salaries of Controllers are fixed by by-law of the Council, with maximum of $4,000 per annum for each Controller; which amount is at present being paid. Generally speaking all powers and duties of Aldermen are possessed and binding upon Controllers individually, by virtue of their being members of Council.

The detailed administration of civic affairs rests with the Board of Control, with certain exceptions, among which are Public Schools, the Police, Sinking Fund, and Public Parks. As an administrative body it is its duty to carry out the orders of Council (the Legislative Body) and for that purpose to direct and control all heads of departments in the execution of the duties of their office.

Among the chief specific duties of the Board are:

(a) As Finance Committee of Council to prepare estimates of proposed expenditures for the year and to present them to the Council for its consideration.

(b) To approve all specifications, call tenders for and on authority of Council award all civic contracts, and report its action to Council.

(c) To manage and report on all matters relating to the Public Utilities of the City.

(d) To inspect and report to the Council monthly or oftener upon all municipal works.

(e) To nominate to the Council all heads of departments and sub-departments in case of vacancy; and, after a favorable report by the head of the department, any other permanent officers, clerks and assistants; also to recommend salaries of all officers and clerks. (This does not apply to any member of the Fire Department of the City, except the Chief, nor to any assessor except the Assessment Commissioner; nor does it interfere with power of department heads to dismiss subordinates).

(f) To dismiss or suspend any head of department and report to Council.

(g) To submit proposed by-laws to Council.

(h) To amalgamate departments, or sub-departments.

(i) To return to the Council minutes of its meetings and any other information in its possession which the Council may desire.

(j) To reconsider any matter referred back from Council by a vote of a majority of the members present at Council and voting.

(k) To perform such other duties as the Council may by by-law or resolution assign to it.

Administrative duties are in practice divided among the Controllers as follows:

The Mayor: Finances, Legislation and Reception.

Controller A: Light and Power Department, Electrical Department, High Pressure Pumping, City Chemist.

Controller B: Health Department, Hospitals, Public Charities, Market, License and Relief Department, Street and Lane Openings, City Storekeeper.

Controller C: Engineering and Construction (including Water Works Pumping), Water Works Distribution System, City Shops and Quarries.

Controller D: Street Commissioner, Fire Department, Assessment Department, Building Inspector, Civic Offices, Libraries and Public Baths.

Departments not assigned to any one Controller are:

(1) The City Treasurer, appointed by the City Council. His duty is to receive and safely keep all moneys belonging to the corporation, and all bonds and debentures issued by the City and undelivered to purchasers thereof or unsold, and to pay out the same to such persons and in such manner as provided in the City Charter. He has also under his department the collection of water rates.

(2) The City Comptroller is in terms of the Charter "the general accountant of the City and shall receive and preserve in his office all City account books and all vouchers, documents and papers relating to the accounts and contracts of the City, its revenue, debts and fiscal affairs . . . except when said books, etc., are by by-law placed in the custody of some other officer or person." It is also the duty of the Comptroller "to examine and audit all accounts."

(**Note:**—The amalgamation of the Treasurer's and Comptroller's departments under one Chief Financial Officer, and the establishment of an independent Internal Audit Department responsible direct to Council, are recommendations made in the recent report of the Outside Auditors appointed by Council to make an Audit and Accounting Survey).

(3) The City Solicitor and Corporation Counsel.

(4) The City Surveyor.

(5) The Tax Collector.

V. Boards and Commissions

THE PUBLIC SCHOOL BOARD has complete jurisdiction within its own sphere. It is made up of fourteen elected members, two from each ward—one from each ward being elected annually for a two-year term.

The Board administers its own finances and determines upon its monetary needs. The City Council, on receipt of the School Board's estimate of year's requirements, reckons the rate necessary to cover them and includes it in the total tax rate levied on the City's assessment of property.

THE BOARD OF POLICE COMMISSIONERS consists of the Mayor, two Aldermen appointed annually by Council, the Senior Judge of the County Court of Winnipeg and the Police Magistrate of the City. These Commissioners have charge and control of the Police Department of the City, and all matters connected therewith.

They may pass by-laws for any purposes connected with the good government of the City police force. Before incurring any expenditure of money, other than in the employment of men, the Board is required to furnish to Council an estimate of the sums required, and their purposes.

THE PUBLIC PARKS BOARD controls and supervises the city's parks. It is composed of the Mayor, two members of Council (one of them being the chairman of the Works and Property Committee) and six ratepayers appointed by Council.

As provision for expenditures required for park purposes, a rate of one-half of one mill on the dollar may be levied on the general assessment of the City.

THE BOARD OF SINKING FUND TRUSTEES administers the city's Sinking Fund independently of interference by the Council.

It consists of three members, two of whom are appointed by the Court of King's Bench, the third being a member of the Council appointed by the Council. The City Treasurer, by appointment of the Trustees, acts as Secretary.

THE SOCIAL WELFARE COMMISSION administers relief, care and advice to deserving needy residents.

It consists of eight members of Council and six other residents of Winnipeg, appointed annually by Council. The chairman must be a member of the City Council.

The Commission prepares and submits its estimates to the Board of Control and the same are ultimately passed upon by the full Council, and when appropriated can only be disbursed upon a majority vote of the members of the Council on the Commission.

THE CIVIC CHARITIES ENDORSEMENT BUREAU examines into bona fides of charitable organizations seeking civic grants or support from the general public.

Its members are appointed by Council and hold office for a term of three years.

THE HOSPITAL COMMISSION controls and operates the Municipal hospital.

It consists of three members appointed by Council. Its grants from civic funds are determined by Council.

THE PLAYGROUNDS COMMISSION operates and directs civic recreational centres and activities.

It consists at present of fifteen members appointed annually by the Council. Grants are voted by City Council.

THE BOARD OF VALUATION AND REVISION passes upon property assessments.

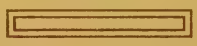
It consists of four members appointed by Council, of whom the Assessment Commissioner is ex-officio one. Until last year the practice was for this body to act both as a Board of Valuation and also as a Court of Revision, sitting in judgment on its own work. This was open to objection. However, an important change has been made in the practical procedure of fixing and revising assessments. The 1917 assessments were made by the Assessment Commissioner and his staff of assessors. The Board of Valuation, though acting in a general consulting capacity with the Assessment Commissioner as a member of it, did not take part in the actual making of the individual assessments—the idea being to leave it more free to judge the work of the assessors in any cases appealed to it in its capacity as a Board of Revision, with the Assessment Commissioner not sitting.

THE WINNIPEG AND ST. BONIFACE HARBOUR COMMISSION is a joint body concerned with water frontage development and regulation.

It consists of three members appointed by the Winnipeg City Council and two by the St. Boniface City Council.

THE GREATER WINNIPEG WATER BOARD has charge of the carrying out and operation of the work of the Greater Winnipeg Water District.

It consists of the Mayor of Winnipeg, and the four Controllers, the Mayor and one Alderman of St. Boniface, the Mayor of Transcona, and the Reeves of the Municipalities of St. Vital, Fort Garry, Assiniboia, West Kildonan and East Kildonan. There are also two commissioners who form a separate Board of Managers. The Water Board makes annual levies for interest and sinking fund charges according to an "equalized" assessment of land values only—such assessment in Winnipeg's case being nearly $165,000,000 out of a total of $205,000,000 for all the municipalities concerned. The 1918 levy for Winnipeg is 3.68 mills.



THE DIAGRAMS ON THE OPPOSITE PAGE WILL HELP TO AN UNDERSTANDING OF THE ADMINISTRATIVE DUTIES OF THE BOARD OF CONTROL; WHICH DUTIES (IN THE EVENT OF ITS ABOLITION) WOULD DEVOLVE UPON EXISTING STANDING COMMITTEES TOGETHER WITH A NEW FINANCE COMMITTEE. THE PRESENT FUNCTION OF STANDING COMMITTEES IS TO CONSIDER AND REPORT

DIAGRAM SHOWING
RELATION OF BOARD OF CONTROL TO CITY COUNCIL
AND DEPARTMENT HEADS

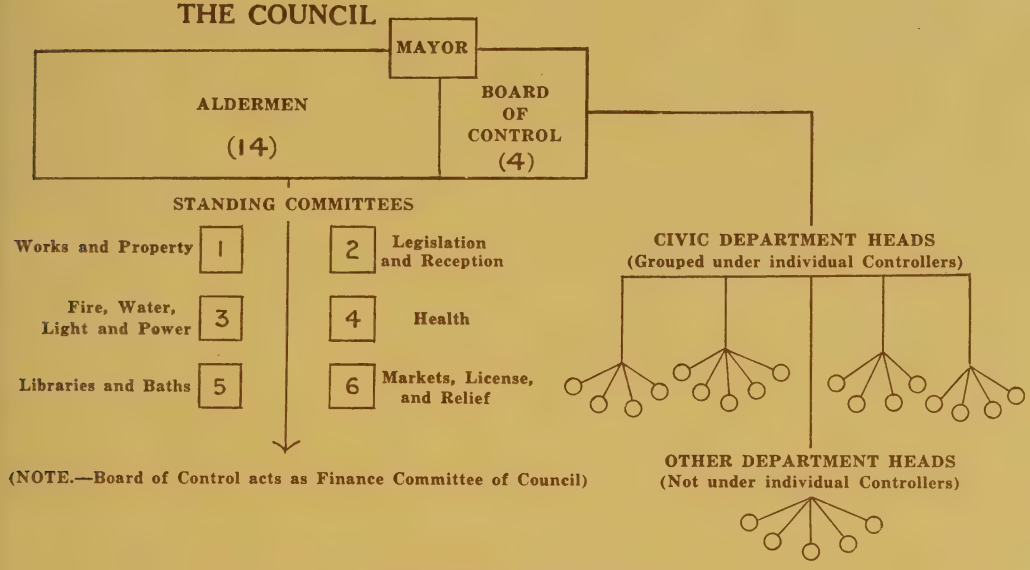
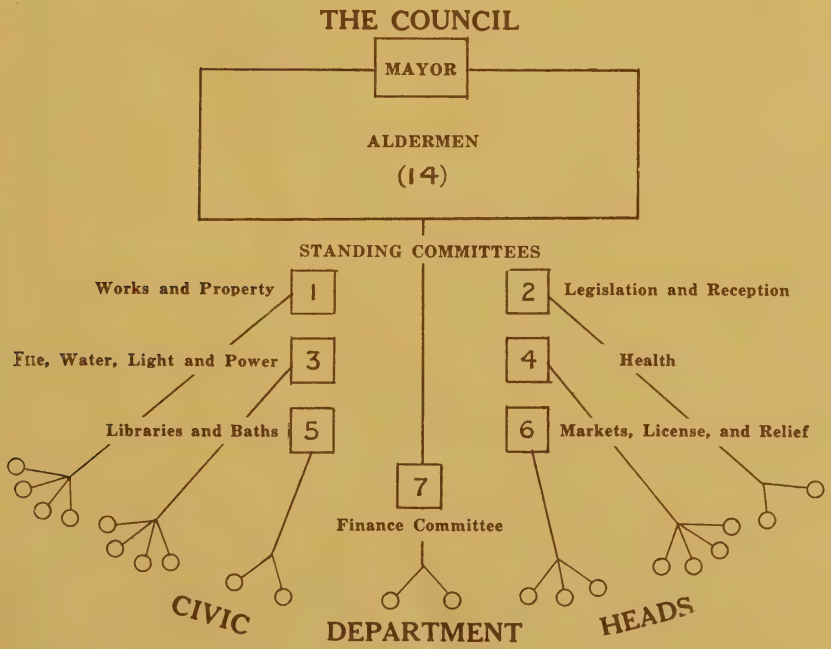


DIAGRAM SHOWING
COUNCIL COMMITTEE SYSTEM
WHICH WILL COME AUTOMATICALLY INTO EFFECT IF THE BOARD OF CONTROL IS ABOLISHED



The Commission Form of City Government

IN 1901 the people of Galveston, Texas, in the period of confusion which followed when the city was nearly destroyed by a tidal wave, petitioned the Legislature to place the administration of municipal affairs in the hands of a small board of business men. In response the Legislature created a commission of five, three to be appointed by the Governor and two to be elected by the voters. As it was held to be unconstitutional for the State authorities to appoint city officers the Act was amended in 1903 so that all the members of the commission should be elected by popular vote.

Adopted by Over 350 Cities

Although adopted at first merely as a temporary expedient to meet a serious emergency, the new plan soon attracted notice in other municipalities and is now in force in one form or another in 350 or more cities.

"The so-called Des Moines plan of Commission government" (says "Commission Government in American Cities," Bulletin 12, 1917, of the Commonwealth of Massachusetts) "which has become the model for later commission government laws and charters, is very similar in its essential provisions to that of Galveston, but embodies some new features. In brief, it provides for the concentration of all legislative and executive functions in a small board consisting of a Mayor and four Commissioners elected at large for terms of two years each. Under the Des Moines plan the business of the city is grouped into five departments—Public Affairs; Accounts and Finances; Public Safety; Streets and Public Improvements, and Parks and Public Property. The Commissioner who is elected Mayor becomes ex officio head of the department of Public Affairs, while each of the other commissioners is assigned to the headship of one of the other departments by a majority vote of the board. All officers and employees in the department are appointed by the board as a whole. Provision is also made for the appointment of a board of three Civil Service Commissioners to have charge of the State laws relating to civil service.

"The Des Moines plan so far differs very little from the Galveston system. The new feature of the Des Moines scheme is that it adds the initiative, referendum and recall, which were not provided for in Galveston."

The Commission system has been adopted in about 350 cities varying in size from Buffalo and New Orleans to places with a population of a thousand. Only 5 of these (Buffalo, New Orleans, St. Paul, Jersey City and Portland (Oregon)) are over 200,000 in population. Fourteen have from 100,000 to 200,000 and the remainder vary greatly. On the whole two things appear clear:

(1) It is mainly in the smaller cities that the commission form of government has been adopted.

(2) Only a few places have given up commission government after once adopting it.

Commission Government in Canada

St. John, N.B., and Lethbridge, Alta., are two Canadian cities which have closely followed what may be termed the typical form of commission government—both having made a start some time before the war. At the beginning of the present year, owing to the critical state of Montreal municipal affairs, the provincial government of Quebec intervened and instituted a so-called Commission composed of the City Attorney, the Comptroller and Auditor, the City Treasurer and two other members named by the Lieutenant-Governor-in-Council. The last two are named for four years and the first three for life unless they cease to work for the good of the City of Montreal. The City Council of Mayor and twenty Aldermen retained, but with reduced powers. The Commissioners sit in City Council and have votes. The reports of the Commissioners can be rejected only on a two-thirds or three-quarters vote of the Aldermen. The Board of Control has been abolished. It will be noted that the Montreal system—retaining as it does a large Council of Aldermen—is not the Commission plan in the usually accepted sense of the term.

A Western Example

A brief and clear description of the straight Commission Form of Government prevailing in Lethbridge, Alta., is given herewith in the exact words of Mayor Hardie of that city.

"It consists of three Commissioners as follows:

"The Mayor, who is Commissioner of Finance and Public Safety (Fire and Police). The Charter describes him as the Chief Executive officer and gives him considerable control over other Departments as well as defining his own duties. However, the office of Mayor

as such, is practically done away with, excepting perhaps that he still holds the title and performs the honorary functions that are always attached to that office in all Canadian cities.

"The Commissioner of Public Works. This Department controls the general work of the City done under the Engineering Department, and public building.

"The Commissioner of Public Utilities. This Department controls all income-bearing, municipally owned utilities of the City.

"Each Commissioner is elected directly to the office he fills by the voters. The term is for three years and it has been arranged that one Commissioner comes up for election each year.

"Each Commissioner is given a very free hand in the management of his Department but each Commissioner is nevertheless directly responsible for the management of his Department to the people through the Initiative, Referendum and the Recall, as well as at election and to his fellow Commissioners in Council.

"The Civic Government in all its details is invested in the three Commissioners. The Commissioners collectively form the Council for Legislative purposes and for the control of the general policy of the City administration."

The Commission-Manager Form of City Government

THE Commission-Manager form of civic government—popularly termed the City Manager form—may be considered a further development of the original Commission plan.

Under the City-Manager plan the small Commission or Council elected at large is continued for legislative and advisory purposes, but instead of making each Commissioner the head of a particular phase of the City's affairs, all administrative details are turned over to a specially trained administrator appointed by the Commission. The City-Manager plan may be defined, therefore, as a form of municipal government in which all the corporate powers having to do with the determination of policy and the general direction of municipal affairs are vested in a small group of elective officials constituting a Council or Commission elected usually at large, while the administrative functions are concentrated in a single executive official appointed by the Commission on the basis of professional qualifications and designated as the City Manager.

In addition to the above fundamental elements, City Manager charters may also provide for the initiative, referendum and recall, while most of them also have provisions for civil service, for the proper management of the city's finances, and for the control of public Utilities. ("The City-Manager Plan of Municipal Government," p. 6, Massachusetts Constitutional Convention Bulletin 13).

History of the Commission-Manager Movement

The first city in the United States to provide for a City Manager was Staunton, Virginia, which in 1908 by local ordinance and without any charter revision handed over the greater part of the administrative work to a specially-appointed official known as "the General Manager," retaining, however, the old mayor and council form. Next came Lockport, N.Y., and Sumter, S.C.

Dayton, Ohio, had suffered greatly from a long course of wasteful, inefficient and corrupt administration. A charter commission had investigated various types of city government and had decided that the Sumter plan was the best. The great flood of 1913 delayed the work of the charter commission, but revealed still further the incapacity of the old administration, with the result that when order began to be restored a new charter went into effect on January 1, 1914, after being carried by a large majority. The example of Dayton was followed a few weeks later by Springfield, Ohio. The number of cities which up till February 15, 1918, had adopted the Commission-Manager plan is stated as 60, the largest of which are Dayton, Ohio (pop. 116,577); Grand Rapids, Michigan (pop. 112,571); Wichita, Kansas (pop. 52,450); Springfield, Ohio (pop. 50,058). Most of the cities which have already adopted the Commission-Manager form are places with populations from two to twenty-five thousand, but the plan has recently been proposed by energetic groups of citizens in Cleveland, Pittsburgh, Kansas City and Chicago. A number of cities which adopted the Commission plan are now inclined to take the further step in the direction of simplification by adopting the Manager form.

The Dayton charter has become the model for other municipalities. It provides for a commission of five elected at large for a term of four years, either two or three commissioners being chosen every two years so as to make the commission a continuous body. The commissioner who receives the greatest number of votes is designated as mayor, but he is little more than a figure-head and has no special powers except to preside at meetings of the Commission and to act as the official head of the city for ceremonial purposes and for the purpose of serving civil processes against the city. The salary of the mayor is fixed at $1,800 and that of each commissioner at $1,200.

"The duties of the Commission are to enact ordinances and regulations for the government of the city, to raise taxes and vote appropriations, to create or abolish departments, investigate the financial transactions or the official acts of any officer or department, and finally the very important function of electing the City Manager." (Bulletin 13 of Constitutional Convention of Commonwealth of Massachusetts, "The City-Manager Plan of Municipal Government," p. 9).

Duties and Powers of City Manager

The Commission (or Council) has no direct control over the management of the various departments but delegates this responsibility to the City Manager who is the administrative head of the municipality and is responsible to the Commission for the efficient administration of all the departments under his charge. He is appointed without regard to religious or political belief, is not required to be a resident of the city, and receives such compensation as the commission may determine, which in the case of the first Manager was fixed at $12,500. He is not appointed for any definite term, but holds office at the pleasure of the Commission, save that he is subject to popular recall. His main duties might be thus subdivided:

1. He attends (in an advisory capacity) all meetings of the Commission, having the right to be heard and to make recommendations but not to vote.
2. It is his duty to see that all laws and ordinances are enforced.
3. He appoints and assigns respective duties to all directors of departments (each of whom are responsible to him in all matters affecting their departments) and all subordinate employees, subject in the case of the latter to civil service regulations. The five civic departments are Finance, Service (Utilities, etc.), Welfare, Safety and Law.
4. He keeps the Commission informed as to the financial condition and needs of the city, and prepares and submits to the commission for ratification the annual budget.

The first City Manager, H. M. Waite (now doing important war work for the U.S. Federal Government) was an engineer who had formerly been in railroad work and had been Head of the Department of Public Works in Cincinnati. In 1916 he wrote the following interesting account of his initial experience for "Canadian Finance": "The manager acts with his Commission just as any executive acts with his board of directors. On first going to Dayton he was not familiar with local conditions and asked the Commission to make suggestions for the various departmental heads—called directors. The Director of Law selected had been on the original charter commission and was familiar with every detail of the charter. The Director of Welfare has charge of the Health Department, the Parks and Playgrounds, Correctional Institutions and the general welfare of the community. The man selected was a minister of a large parish, had wide experience and had spent many years in studying the social conditions of the cities of this continent, as well as those of England, Scotland, Germany and France. The Director of Finance has to do with the Treasury, Auditing and Purchasing Departments. The man selected for this position has been a treasurer, auditor and a purchasing agent in various industries of Dayton, and at the time of his appointment was a public accountant. The Director of Service has charge of all Engineering, Construction, Repairs and Cleaning of Streets, the Water Works and the Collection of Garbage and Rubbish. The Commission was unable, due to local conditions, to suggest anyone in Dayton for this position. After careful consideration by the manager, an engineer of large experience in municipal affairs was brought to Dayton from out of the city. The Director of Safety is the head of the Police and Fire Departments, Weights and Measures and Building Inspection. The Commission was unable to suggest anyone for this position. The Manager assumed the duties of the Director of Safety, which he kept until he was able to develop a man in one of the departments to fill this position. This since has been accomplished.

"It is plain to be seen that the men selected for the heads of these various departments are trained in the particular functions which they have to administer. The manager does not know the political faith of any of the appointees. They are appointed for efficiency only."

Canadian Examples

Westmount, Que., (Montreal's well-to-do English-speaking residential suburb) in 1913 adopted the City-Manager plan—without, however, otherwise changing old-time terminology. A Council of five Aldermen was retained, together with the Mayor.

In Western Canada the Saskatchewan cities of Regina, Saskatoon and Moose Jaw have each a City Commissioner (appointed by an elected Council consisting of ten Aldermen and the Mayor) whose duties are in effect analogous to those of a City Manager. In an address two years ago before the Union of Saskatchewan Municipalities, City Commissioner Yorath of Saskatoon, thus described what in effect is the system adopted by that city. (In Regina and Moose Jaw there are more Standing Committees of Council than in Saskatoon).

"It has already been stated that the members of a Council have not the necessary municipal experience or time to properly control and govern the administrative work of a municipality by the committee system.

"The principle of popular control having been recognized, however, it is necessary that the Council should be directly responsible for (a) Legislative work governing the needs of the community; (b) The financing of public improvements and current expenditures.

"The Council should, with the co-operative advice of experienced officials, pass upon and approve all by-laws or ordinances governing social, public health, public safety, public improvements and the granting of franchises (if any), and should pass upon the policy to be adopted in development of the community.

"Having regard to the fact that the electors provide the money and have to bear the burden of taxation, the Council, as their representatives, should vote upon and approve all expenditures both current and capital.

"The above duties are important and to be properly fulfilled will require all the time and attention which a Council is usually able to devote to civic affairs. The Council should govern the civic policy in the same way as the Directors govern the policy and development of their Company.

"To facilitate the work of the Council the detail work of preparing legislation, by-laws, etc., providing monies for and keeping a check upon current and capital expenditures, two committees should be appointed from its members, i.e.: (a) Finance; (b) Legislation and By-laws.

"At the first meeting in the financial year of a Council the City Manager should submit a report upon the contemplated capital and current expenditures during the year, setting out in detail the appropriations for each department. These estimates should be passed upon by the Council at the earliest possible date so that the work of the year can be planned and organized immediately.

"The Departmental Heads, instead of reporting to Committees, would report to the Manager upon the work of their respective departments—he in turn to report to Committees or Council as to work of departments."

The British Borough System

IN England and Wales city government is carried on under what is known as the Borough System. Under it the Council consists of Mayor, Councillors and Aldermen. In Scotland the system is similar, the Provost taking the place of the Mayor, and the Bailies corresponding to the Aldermen.

The Aldermen are appointed by the Councillors either from among themselves or from citizens possessing the necessary qualifications. The Aldermen are appointed for a term of six years—one-half retiring triennially. In the event of Councillors being appointed as Aldermen, by-elections follow to fill the vacancy in the ranks of Councillors. Aldermen are one-third in number as compared with Councillors, that is, they constitute one-fourth of the entire council. Their duties, however, do not differ from those of councillors, and committees may consist of councillors and aldermen in any proportion. All meet in a common council.

The Mayor is elected by the Council for a term of one year, and is eligible for re-election. Qualifications for Mayor, Councillors and Aldermen are the same. Candidates for Council are not required to live within the bounds of the municipality and in fact need not even be voters, since voters living without the municipal bounds must reside within a distance of not over seven miles, whereas candidates for Council may live up to within fifteen miles outside the bounds of the municipality.

The Ward system of electing councillors is usually followed except in the smaller boroughs, but it is not universal.

Standing and Special Committees

Standing and Special Committees of Council are appointed; and to facilitate this, a Committee of Selection is frequently appointed to prepare a "slate" and submit it to Council—the selection being subject to change by Council.

Although frequently amounting to little more than formality, all committees (except the Watch Committee) must obtain approval of Council before their decisions may be carried into effect. The Watch Committee is given special powers under separate statute and consists of not more than one-third of the entire council. This Watch Committee has full charge of the Police Force and frequently of the Fire Protection service.

Committees are usually guided largely by the expert assistance afforded by the permanent professional, paid officials of the municipality. Although not a matter of law, but resulting from custom, the bulk of what may be termed routine business is settled in committee and only comes before Council for formal ratification. Although Englishmen have, on the whole, given freely of their time and energies to the service of the municipality, there is said to be a growing feeling that the many matters of detail requiring to be dealt with by the committees occasion undue calls on the time of successful business men and that therefore this has a tendency to deter from candidacy the very class of citizens who would be of value in the council—a condition that has sometimes been considered as peculiar to North America.

A feature of British local government is the jurisdiction exercised by the Local Government Board, particularly as to entering upon new municipal undertakings. When a municipality desires to borrow for capital expenditure, sanction of the Local Government Board must be obtained. Where the work proposed is in the nature of municipally owned Trading or Public service undertakings, the sanction of the Board of Trade (a department of the Government) must be sought.

The Object of the

Citizens Research League

of Winnipeg

THE BETTERMENT OF MUNICIPAL AFFAIRS

(1) by systematic study of civic problems, by disseminating accurate information concerning them, and generally by promoting in a practical way better civic, economic and social conditions;

(2) by co-operating with city officials in securing efficient administration of civic interests and with other organizations which represent movements concerned with citizen welfare.

CITIZENS RESEARCH LEAGUE OF WINNIPEG

47 Aikins Bldg. - Phone Garry 3320

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Preceding Bulletins of the Citizens Research League may be obtained from the Secretary:

No. 1—Keeping Track of Citizens' Business.
No. 2—Bird's Eye View of City's Budget.
No. 3—Civic Assessment and Property Values.
No. 4—That $2,000,000 Fire Tax.
No. 5—Problem of Street Transportation.
No. 6—Your Forgotten $700,000 Pension Liability.
No. 7—Jitney or Street Car?
No. 8—Has the Jitney a Place?
No. 9—A Year's Efforts (Annual Report of League).
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